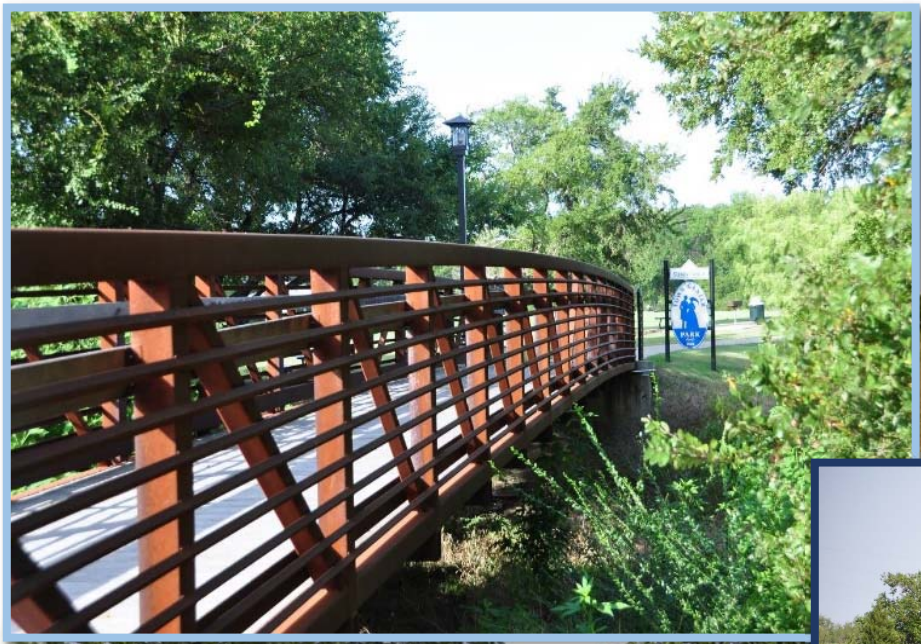

FY 2018-2019

Sunnyvale, Texas

A future bright with possibilities.

Comprehensive Annual Financial Report for the year ended September 30, 2019

Town of Sunnyvale
127 N. Collins Road
Sunnyvale, TX 75182
Telephone: 972-226-7177
Fax: 972-226-1804
www.townofsunnyvale.org

March 23, 2020

Honorable Mayor and Town Council
Town of Sunnyvale, Texas

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report ("CAFR") of the Town of Sunnyvale, Texas, for the year ended September 30, 2019, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Fox, Byrd & Company, P.C. has issued an unmodified ("clean") opinion on the Town of Sunnyvale's financial statements for the year ended September 30, 2019. The independent auditor's report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The Town's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

GENERAL INFORMATION – TOWN OF SUNNYVALE

The Town of Sunnyvale is a small, upscale community located about 15 miles east of downtown Dallas. Incorporated in 1953 and occupying approximately 16.8 square miles, Sunnyvale is a Town founded upon uniqueness in the quality of life that our citizens enjoy and the positive environment in which our local businesses can prosper.

The Town operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council of the Mayor and six (6) Council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, and for overseeing the day-to-day operations of the Town.

The Town provides a range of services, including public safety, fire, medical emergency, maintenance of streets and infrastructure, community development, provision of water and wastewater utilities, library services as well as general administrative services.

The annual budget serves as the foundation of the Town's financial planning and control. The respective department heads prepare and submit line item budget requests for the operations and maintenance portion of their respective departments as well as a listing of capital items for consideration. Citizens Committees provide public input into certain projects and initiatives. The entire budget process includes public involvement as the various elements composing the budget are reviewed in open and advertised public meetings prior to final approval and adoption.

ECONOMIC CONDITIONS AND OUTLOOK

During the past several years, the Town has experienced similar economic challenges as other entities in the region, state and nation. Property tax revenues provide the greatest portion of the Town's total governmental revenue stream. Historically, the Town has realized strong property value growth and experienced an increase in property values for fiscal year 2018-19. The property tax rate was higher from 2018 and property tax revenues were 12% more than the prior year due to the increase in the tax rate, taxable value and new construction.

Building activity increased throughout the community with the Town experiencing the addition of new homes and continues to work with developers to expand and diversify available retail opportunities. Total sales tax revenues continue to trend upward. The Town closely monitors all local economic indicators with the intention of being able to respond as needed.

FOR THE FUTURE

The Town Council has identified strategic plan objectives and most of the major initiatives are directly related to those objectives. Of extreme importance is the objective to enhance the quality of life of our citizens, through both infrastructure improvements and the proper maintenance of the existing infrastructure. The following are current initiatives and expected completion dates:

Annual CIP Infrastructure Assessment and Financial Plan	Spring	2020
Fire Station Location and Design	October	2020
Design of Collins Road Phase II	April	2021
Rails to Trails Phase I	July	2021
Harris Addition Phase I	August	2021
Drainage on the Tripp Road Corridor	August	2022
Harris Addition Phase II	August	2023
Barnes Bridge Road Bridge Solution	TBD	

At the end of September 2019, the Town of Sunnyvale was working on the following projects:

Dispatch Services	Spring	2020
Glazer Tract Concept Plan	August	2020
Stand up the Sunnyvale Police Department	October	2020
Collins Road – Phase I Construction	November	2020

LONGER-TERM FINANCIAL PLANNING

Plans for additional improvements include completing the final phase of the Collins Road corridor expansion, providing an efficient and more serviceable four-lane divided thoroughfare from the Town's southern limit to Town East Boulevard.

Plans for additional road repair and replacement will be funded by through maintenance and operations and sales tax revenues.

Unassigned fund balance in the general fund is 77% of total general fund expenditures and falls within the policy guidelines set by the Council for budgetary and planning purposes.

Standard & Poor's Ratings rates Sunnyvale, Texas' general obligation (GO) bonds as 'AA.' The outlook is stable.

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

The Town's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the Town's water and sewer utility, and other proprietary activities are maintained on the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the Town's financial management staff, and expenditure estimates by each Town department. Budgets are reviewed by the Finance Director. The Town Manager makes final decisions and submits a recommended budget to the Town Council. All funds are appropriated annually.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the Finance Director, the Town Manager, and the Town Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the Town Council prior to the end of the current fiscal year.

General Governmental Functions

Tax Rates All eligible property within the Town of Sunnyvale is subject to assessment, levy, and collection by the Town. A continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs is set and approved by the Town Council. The tax rates adopted by the Town Council are shown below:

Year		Tax Rate
FY 2013-2014		$.40796
FY 2014-2015		$.40796
FY 2015-2016		$.40796
FY 2016-2017		$.40796
FY 2017-2018		$.41308
FY 2018-2019		$.41290
FY 2019-2020		$.45670

Other Information

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United State and Canada ("GFOA") awarded the Certificate of Achievement for Excellence in Financial Reporting to the Town of Sunnyvale for its comprehensive annual financial report for the fiscal year ended September 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine eligibility of another certificate.

Acknowledgements

Many people are responsible for the preparation of this report and for the maintenance of records upon which it is based. Appreciation is expressed to the Town employees throughout the organization, who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Mayor and members of the Town Council for providing the resources necessary to maintain the integrity of the Town's financial affairs.

Respectfully submitted,

Elizabeth Hopkins
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Sunnyvale

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2019

Town of Sunnyvale, Texas

TOWN OF SUNNYVALE
COMPHREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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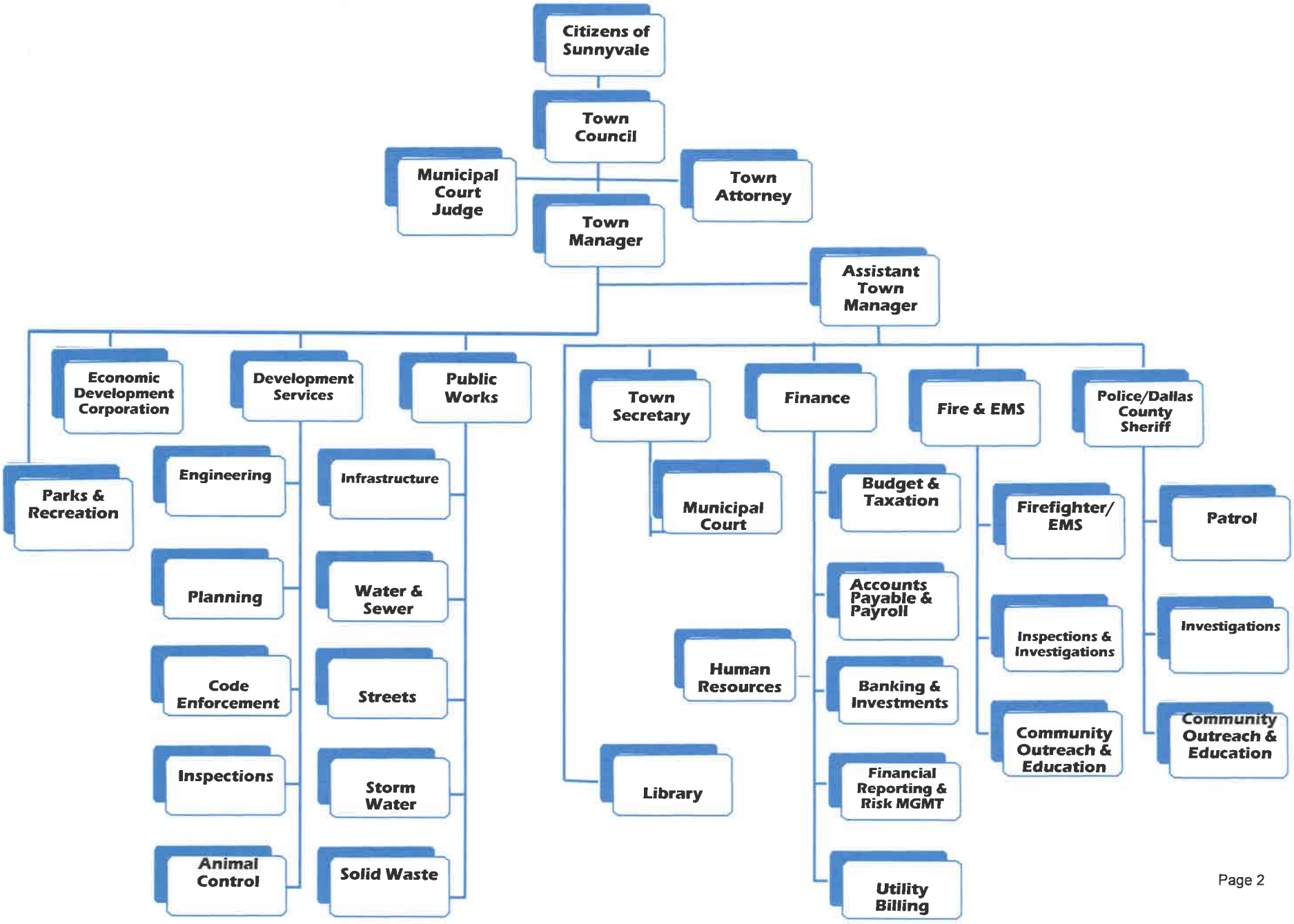
INTRODUCTORY SECTION

Town Organizational Chart



TOWN OF SUNNYVALE, TX

For the year ended September 30, 2019

Town Council:

Saji George	Mayor
Ryan Finch	Place 1
Kevin Clark	Place 2
Mark Egan	Place 3
Jim Wade	Place 4
Larry Allen	Place 5
Jonathan Freeman	Place 6

Administrative Officers

Susan Guthrie	Town Manager
Leslie Black	Assistant Town Manager
Rachel Ramsey	Town Secretary
Elizabeth Hopkins	Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Town Council
Town of Sunnyvale
127 North Collins Road
Sunnyvale, Texas 75182

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas ("Town") as of and for the year ended September 30, 2019, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on an auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no opinion. An audit also includes assessing the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas as of September 30, 2019, and the respective changes in financial position, where applicable, and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

12001 N. Central Expressway, Suite 500
Dallas, Texas 75243-3794
Ph (214) 696-8320 | Fax (214) 987-9840
www.foxbyrd.com

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual for the General Fund, the Debt Service Fund, the Capital Projects Fund and the Special Revenue Funds; the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Changes in Total OPEB and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sunnyvale, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2020 on our consideration of the Town of Sunnyvale, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Fox, Byrd & Company, P.C.

Dallas, Texas
March 23, 2020

TOWN OF SUNNYVALE, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

As management of the Town of Sunnyvale ("Town"), we offer the readers of the Town of Sunnyvale's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $53,529,206 (net position). Of this amount, $39,606,927 or 74%, is net investment in capital assets. Net position restricted for specific purposes is $4,781,906 or 9%. The remaining unrestricted position of $9,150,373, or 17% may be used to meet the Town's ongoing obligations to its citizens and creditors in accordance with the Town's fiscal policies.

- The government's total net position increased by $2,910,338, or 6%, due to an increase in both governmental activities and business-type activities net position.

- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $15,847,199, an increase of $3,626,467, or 30%, in comparison with the prior year. Approximately 37% of this total amount, or $5,847,140, is available for spending at the Town's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the General fund of $5,847,140 was 54% of total general fund expenditures for the fiscal year.

- The Town's total long-term obligations increased by $2,763,226, or 23%, during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Sunnyvale's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town through the use of government-wide financial statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Sunnyvale.

Basic Financial Statements

The first two statements (pages 18-19) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (pages 20-26) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes** (pages 27-70). The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** (pages 72-78) is provided to show details about the Town's budgets, pension plan and other post-employment benefits (OPEB).

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The statement of net position presents information on all of the Town of Sunnyvale's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the utility services offered by the Town of Sunnyvale. The final category is the component unit. The Town has two component units: 4A Development Corporation and 4B Development Corporation. The government-wide financial statements are on pages 18-19 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Sunnyvale, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance.

All of the funds of the Town of Sunnyvale can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what funds are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Towns' programs.

The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Sunnyvale adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. Budgetary information required by the General Statutes can also be found in this part of the statements. The Governmental Fund financial statements can be found on pages 20-26 of this report.

Proprietary Funds – The Town of Sunnyvale has one type of proprietary fund which is the Utility Fund. The Town charges customers for the services it provides, whether to outside customers or to other units within the Town. These services are generally reported in proprietary funds. Proprietary Funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 27-70 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Sunnyvale's budgets and progress in funding its obligation to provide pension and other post-employment benefits to its employees. This information is found on pages 72-78.

Supplementary Information – The combining statements referred to earlier in connection with the non-major governmental funds are presented following the required supplementary information on pensions and OPEB. Combining statements and individual fund statements can be found on pages 81-82. Fund financial statements for the component units can be found on pages 83-88.

Statistical Section – The statistical section consists of unaudited information that presents details as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health. These tables can be found on pages 92-111.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net position of the Town exceeded liabilities by$53,539,206 as of September 30, 2019. The Town's net position increased by $2,910,338, for fiscal year ended September 30, 2019. The following table presents a comparative summary of the Town's assets, liabilities, and net position as of September 30, 2019 and 2018.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	$ 20,374,875	$ 13,237,031	$ 6,811,248	$ 5,456,925	$ 27,186,123	$ 18,693,956
Capital Assets	18,452,139	16,753,042	27,877,065	28,537,509	46,329,204	45,290,551
Total Assets	38,827,014	29,990,073	34,688,313	33,994,434	73,515,327	63,984,507
Total deferred outflows of resources	574,399	273,586	102,379	65,679	676,778	339,265
Long-term liabilities outstanding	11,373,189	8,003,973	3,663,205	4,269,195	15,036,394	12,273,168
Other liabilities	4,157,885	642,278	1,220,994	561,973	5,378,879	1,204,251
Total liabilities	15,531,074	8,646,251	4,884,199	4,831,168	20,415,273	13,477,419
Total deferred inflows of resources	208,321	165,172	29,305	52,313	237,626	217,485
Net position:						
Net investment in capital assets	15,552,052	13,645,563	24,054,875	24,413,662	39,606,927	38,059,225
Restricted	2,776,797	2,142,961	2,005,109	2,152,935	4,781,906	4,295,896
Unrestricted	5,333,169	5,663,712	3,817,204	2,610,035	9,150,373	8,273,747
Total net position	$ 23,662,018	$ 21,452,236	$ 29,877,188	$ 29,176,632	$ 53,539,206	$ 50,628,868

Net investment in capital assets:

The largest portion of the Town's net position $39,606,927, or 74%, reflects the Town's investment in capital assets (e.g. land, buildings, machinery and equipment) less any debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities

Restricted net position:

Restricted net position of $4,781,906, or 9%, is subject to external restrictions on how they may be used, or by enabling legislation. The restricted net position is comprised of (a) $69,062 or 0.1%, for development, (b) $197,437 or 0.4% for court use, (c) $328,550, or 1%, for debt service, (d) $2,181,748, or 4% for road improvement maintenance and operation and (e) $2,005,109 or 4% for water infrastructure installation.

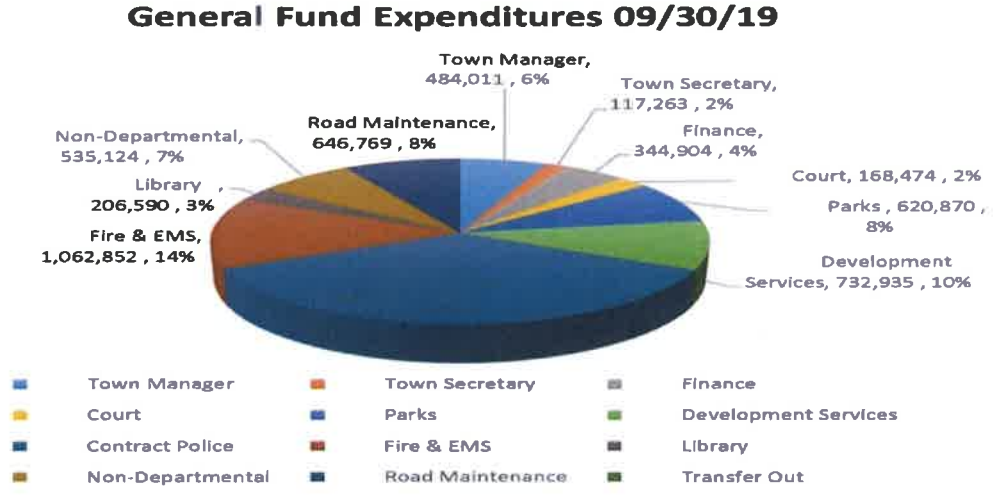
Unrestricted net position:

Unrestricted net position in the amount of $9,150,373, or 17%, is available to fund the Town programs to citizens and obligations to creditors.

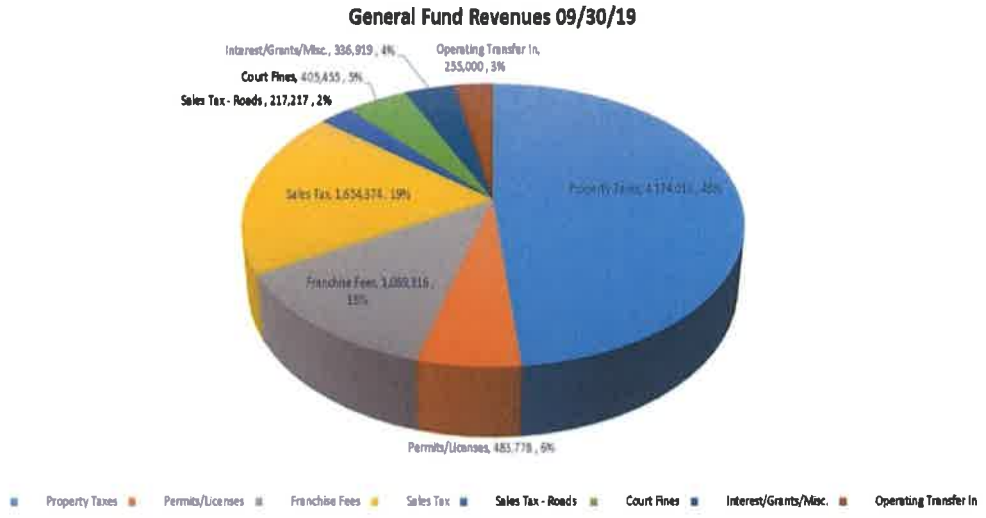
Governmental-type activities - Governmental-type activities increased the Town's net position by $2,209,782. A key element of this increase is as follows:

Revenue growth and budgetary performance. Increased commercial and residential construction. Increased taxable values.

Expenditures and Program Revenues - Governmental Activities (amounts expressed in thousands)



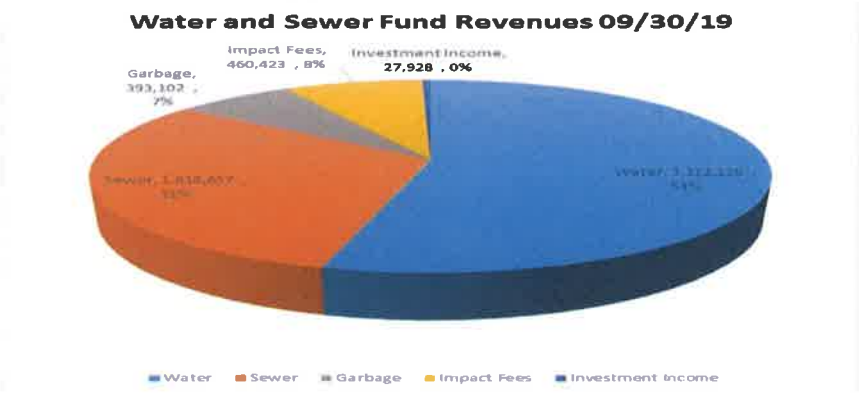
Revenues by Source - Governmental Activities



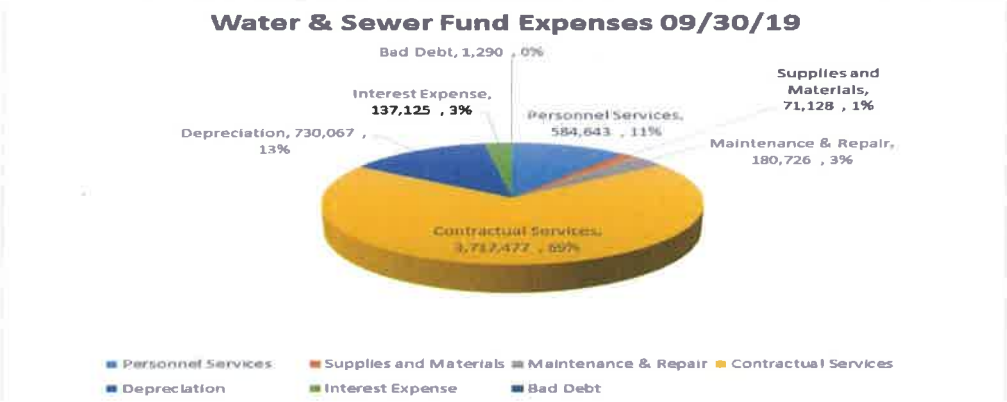
Business-type Activities - Business-type activities increased the Town's net position by $700,556.

Revenues and Expenses - Business-type Activities (amounts expressed in thousands)

Revenues by Source - Business-type Activities



Expenses by Source - Business-type Activities



The following table presents a comparative summary of the Town's operations for the years ended September 30, 2019 and 2018.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	$ 1,768,326	$ 1,494,248	$ 5,884,310	$ 5,729,121	$ 7,652,636	$ 7,223,369
Operating grants and contributions	913,863	293,108		-	913,863	293,108
Capital grants and contributions	-	3,164,377	-	6,375,710	-	9,540,087
General Revenues:						
Property taxes	5,069,547	4,499,897	-	-	5,069,547	4,499,897
Franchise taxes	1,089,316	1,081,674	-	-	1,089,316	1,081,674
Sales tax	1,871,591	2,043,801	-	-	1,871,591	2,043,801
Investment income	141,058	150,411	27,928	27,765	168,986	178,176
Miscellaneous	82,082	5,130	-	-	82,082	5,130
Total Revenues	10,935,783	12,732,646	5,912,238	12,132,596	16,848,021	24,865,242
Expenses:						
Program Expenses						
General Government	2,395,053	1,656,510	-	-	2,395,053	1,656,510
Public Safety	3,523,702	3,701,545	-	-	3,523,702	3,701,545
Public works	928,570	1,910,903	-	-	928,570	1,910,903
Public Services and operations	767,562	306,163	-	-	767,562	306,163
Parks and recreation	709,313	617,800	-	-	709,313	617,800
Library	203,300	203,464	-	-	203,300	203,464
Interest on long-term debt	176,184	245,412	-	-	176,184	245,412
Water and sewer	-	-	5,409,232	5,074,148		5,074,148
Total expenses	8,703,684	8,641,797	5,409,232	5,074,148		
Increase (decrease in net position)	2,232,099	4,090,849	503,006	7,058,448	2,735,105	11,149,297
Other revenues and financing sources (uses)						
Transfers	(22,317)	(636,276)	197,550	636,276	175,233	-
Total other financing sources (uses)	(22,317)	(636,276)	197,550	636,276	175,233	-
Increase (decrease) in net position	2,209,782	3,454,573	700,556	7,694,724	2,910,338	11,149,297
Net position - October 1	21,452,236	18,053,270	29,176,632	21,495,629	50,628,868	39,548,899
Prior period adjustments	-	(55,607)	-	(13,721)	-	(69,328)
Net position - September 30	$ 23,662,018	$ 21,452,236	$ 29,877,188	$ 29,176,632	$ 53,539,206	$ 50,628,868

The Governmental Activities have increased the net position in the current fiscal period by $2,209,782 which is a 10% increase over the prior year. This is due, in large part commercial and residential construction, increase to taxable values and budgetary performance.

The Business-type Activities have increased the net position in the current fiscal year by $700,556. This is a 2% increase from the prior year that is due to impact fees due to commercial construction and budgetary performance.

Financial Analysis of the Town's Funds

As noted earlier, the Town of Sunnyvale uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Specifically, the unassigned fund balance may serve as a measure of net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $15,847,199, an increase of $3,626,467, or 30%, in comparison with the prior year. Of this amount, $5,847,140, or 37%, constitutes unassigned fund balance, which is available for spending at the Town's discretion. The Town has assigned fund balances of $7,188,262, or 45% for the following: 1) $6,547,278, or 91% for capital and infrastructure improvements, 2) $590,909, or 8% for vehicle replacements, 3) $25,075, or 0.3% for community services. A portion, $2,776,797, or 18%, of the fund balance is restricted to indicate that it is available for spending for the following: 1) $69,062, or 2% for community development, 2) $197,437, or 7% for state imposed restrictions for use of court fees, 3)$328,550, or 12% for debt service requirements, 4) $2,181,748, or 79% for road maintenance and improvements. The remaining fund balance of $35,000, or 0.2% is considered non-spendable and represents note receivable due to the Town.

The general fund is the chief operating fund of the Town of Sunnyvale. At the end of the current fiscal year, unassigned fund balance of the General Fund was $5,847,140. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund represents 74% of total general fund expenditures.

The debt service and capital projects funds are major governmental funds of the Town of Sunnyvale. At the end of the current fiscal year, debt service fund balance increased $80,421 or 32% and capital projects fund balance increased $2,191,379 or 50%.

General Fund Budgetary Highlights: During the fiscal year, the Town made revisions to the budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts, mainly in the areas of licenses and permits, charges for services and intergovernmental revenues. Expenditures were less than budgeted at the fund level.

Proprietary Funds - The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to $3,817,204.

Capital Asset and Debt Administration

Capital assets - The Town of Sunnyvale's investment in capital assets for its governmental and business-type activities as of September 30, 2019, totals $46,329,204 (net of accumulated depreciation). These assets include land, buildings, improvements, infrastructure, machinery and equipment, vehicles, and construction in progress. This amount represents a net increase of $1,038,653, or 2.29%, (net of accumulated depreciation) over the prior fiscal year. Full depreciation of certain assets and annual depreciation.

Capital Assets September 30, 2019 (net of depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	$ 1,419,679	$ 1,419,679	$ 127,225	$ 127,225	$ 1,546,904	$ 1,546,904
Infrastructure	9,966,463	10,250,868	21,797,798	22,341,886	31,764,261	32,592,754
Buildings & Improvements	3,656,611	3,775,920	5,502,706	5,619,892	9,159,317	9,395,812
Machinery & Equipment	1,114,936	1,275,817	449,336	448,506	1,564,272	1,724,323
Construction in progress	2,294,450	30,758		-	2,294,450	30,758
Total	$ 18,452,139	$ 16,753,042	$ 27,877,065	$ 28,537,509	$ 46,329,204	$ 45,290,551

More detailed information about the Town's capital assets is presented in Note F to the financial statements.

Long-term obligations - As of September 30, 2019, the Town of Sunnyvale had total long-term debt outstanding of $15,393,840 which is an increase of $3,120,672, or 25%, from the previous year.

Outstanding Debt As of September 30, 2019

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Certificates of Obligation (backed by tax revenues and net Water/Sewer revenues)	$ 3,925,000	$ 4,045,000	$ 2,122,429	$ 2,259,715	$ 6,047,429	$ 6,304,715
Tax Notes	3,810,000	375,000		-	3,810,000	375,000
Refunding Bonds (backed by tax revenues and net Water/Sewer revenues)	2,433,071	2,640,786	1,623,880	1,779,817	4,056,951	4,420,603
Notes payable		-	75,881	84,316	75,881	84,316
Capital Lease	217,016	310,484	-	-	217,016	310,484
Pension Related Debt	863,237	507,838	175,403	122,289	1,038,640	630,127
Compensated absences	124,865	124,865	23,058	23,058	147,923	147,923
	$ 11,373,189	$ 8,003,973	$ 4,020,651	$ 4,269,195	$ 15,393,840	$ 12,273,168

More detailed information about the Town's long-term obligations is presented in note I to these financial statements.

Requests for Information

This financial report is designed to provide an overview of the Town's finances for those with an interest in the government's finances. If you have any questions about this report or need additional information, contact the Town of Sunnyvale, Attention: Director of Finance at 127 N. Collins Road, Sunnyvale, Texas, call 972-203-4145, or email liz.hopkins@townofsunnyvale.org.

BASIC FINANCIAL STATEMENTS

Town of Sunnyvale
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 5,502,786	$ 3,719,964	$ 9,222,750	$ 5,663,410
Receivables (net of allowance for uncollectibles)	1,503,792	1,031,644	2,535,436	297,661
Employee Promisory note receivable	35,000	-	35,000	-
Note Receivable	347,741	-	347,741	-
Due from other funds	2,461,129		2,461,129	-
Inventories	-	54,531	54,531	-
Restricted assets:				
Cash and cash equivalents	10,524,427	2,005,109	12,529,536	-
Capital assets not depreciated				
Land	1,419,679	127,225	1,546,904	-
Construction in progress	2,294,450		2,294,450	-
Capital assets (net of accumulated depreciation)				
Infrastructure	9,966,463	21,797,798	31,764,261	-
Buildings	3,656,611	5,502,706	9,159,317	-
Machinery and equipment	1,114,936	449,336	1,564,272	-
Total assets	38,827,014	34,688,313	73,515,327	5,961,071
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows from pension and OPEB	574,399	102,379	676,778	22,672
Total deferred outflows of resources	574,399	102,379	676,778	22,672
LIABILITIES				
Accounts payable	3,373,749	520,477	3,894,226	53,731
Other Liabilities	763,809	65,119	828,928	-
Accrued interest payable	20,327	16,947	37,274	-
Accrued Expenses	-	595	595	-
Customer Deposits	-	260,410	260,410	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences		-	-	842
Capital Lease	95,163		95,163	
Notes Payable	507,285	67,446	574,731	35,164
Certificates of Obligations	130,000	140,000	270,000	
Bonds Payable	175,000	150,000	325,000	
Due in more than one year				
Compensated absences	124,865	23,058	147,923	3,129
Net Pension Liability	794,280	158,441	952,721	34,452
Net OPEB Liability	68,957	16,962	85,919	3,572
Capital Lease	121,853	-	121,853	-
Notes Payable	3,302,715	8,435	3,311,150	312,577
Certificates of Obligations	3,795,000	1,982,429	5,777,429	-
Bonds Payable	2,258,071	1,473,880	3,731,951	-
Total liabilities	15,531,074	4,884,199	20,415,273	443,467
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows from Pensions and OPEB	208,321	29,305	237,626	6,526
Total deferred inflows of resources	208,321	29,305	237,626	6,526
NET POSITION				
Net investment in capital assets	15,552,052	24,054,875	39,606,927	-
Restricted for:				
Development	69,062		69,062	-
Municipal court	197,437		197,437	-
Debt service	328,550	-	328,550	-
Street Maintenance	2,181,748		2,181,748	-
Water infrastructure installation	-	2,005,109	2,005,109	-
Unrestricted	5,333,169	3,817,204	9,150,373	5,533,750
Total net position	$ 23,662,018	$ 29,877,188	$ 53,539,206	$ 5,533,750

The accompanying notes are an integral part of this statement.

Town of Sunnyvale
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
PRIMARY GOVERNMENT:								
Governmental activities:								
General Government	$ 2,395,053	$ 1,226,613	$ 893,897	$ -	$ (274,543)	$	$ (274,543)	$ -
Public Safety	3,523,702	541,713	19,173	-	(2,962,816)		(2,962,816)	-
Public services and operations	767,562	-	-	-	(767,562)		(767,562)	-
Public Works	928,570	-	-	-	(928,570)		(928,570)	-
Parks and recreation	709,313	-	-	-	(709,313)		(709,313)	-
Library	203,300	-	793	-	(202,507)		(202,507)	-
Interest on long-term debt	176,184	-	-	-	(176,184)		(176,184)	-
Total governmental activities	8,703,684	1,768,326	913,863	-	(6,021,495)		(6,021,495)	-
Business-type activities:								
Utility Fund	5,409,232	5,884,310	-	-		$ 475,078	$ 475,078	-
Total business-type activities	5,409,232	5,884,310	-	-		475,078	475,078	-
Total primary government	$ 14,112,916	$ 7,652,636	$ 913,863	$ -	(6,021,495)	$ 475,078	$ (5,546,417)	-
COMPONENT UNITS:								
4A Development Corporation	$ 198,199	$ -	$ -	$ -				$ (198,199)
4B Development Corporation	324,160	-	-	-				(324,160)
Total component units	$ 522,359	$ -	$ -	$ -				$ (522,359)
General revenues:								
Property Taxes					$ 5,069,547	$ -	$ 5,069,547	$ -
Sales taxes					1,871,591	-	1,871,591	1,418,917
Franchise taxes					1,089,316	-	1,089,316	-
Miscellaneous					82,082	-	82,082	-
Investment Income					141,058	27,928	168,986	26,853
Transfers					(22,317)	197,550	175,233	(175,233)
Total general revenues and transfers					8,231,277	225,478	8,456,755	1,270,537
Change in net position					2,209,782	700,556	2,910,338	748,178
Net position at beginning of year					21,452,236	29,176,632	50,628,868	4,785,572
Net position at end of year					$ 23,662,018	$ 29,877,188	$ 53,539,206	$ 5,533,750

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Town of Sunnyvale
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 5,502,786	$ -	-	$ -	$ 5,502,786
Receivables (net of allowances for uncollectibles)	614,114	4,799	884,879	-	1,503,792
Employee Promissory note receivable	35,000	-	-	-	35,000
Note Receivable	347,741	-	-	-	347,741
Due from other funds	2,263,692	-	-	197,437	2,461,129
Restricted Cash and cash equivalents	-	347,526	7,926,091	2,250,810	10,524,427
Total assets	$ 8,763,333	$ 352,325	$ 8,810,970	$ 2,448,247	$ 20,374,875
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 912,620	$ -	-	$ -	$ 912,620
Other liabilities	763,809	-	-	-	763,809
Due to other funds	197,437	-	2,263,692	-	2,461,129
Accrued Interest payable	-	20,327		-	20,327
Total liabilities	1,873,866	20,327	2,263,692	-	4,157,885
Deferred inflows of resources:					
Unavailable revenue - property taxes	18,602	3,448	-	-	22,050
Unavailable revenue - notes receivable	347,741	-	-	-	347,741
Total deferred inflows of resources	366,343	3,448	-	-	369,791
Fund balances:					
Nonspendable:	35,000	-	-	-	35,000
Restricted for:					
Community Development	-	-	-	69,062	69,062
Municipal Court	-	-	-	197,437	197,437
Street maintenance	-	-	-	2,181,748	2,181,748
Debt Service	-	328,550	-	-	328,550
Assigned For:					
Infrastructure improvements	25,000	-	-	-	25,000
Vehicle Replacement	590,909	-	-	-	590,909
Community Development	25,075	-	-	-	25,075
Capital improvements	-	-	6,547,278	-	6,547,278
Unassigned:	5,847,140	-	-	-	5,847,140
Total fund balances	6,523,124	328,550	6,547,278	2,448,247	15,847,199
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,763,333	$ 352,325	$ 8,810,970	$ 2,448,247	$ 20,374,875

The accompanying notes are an integral part of this statement.

Town of Sunnyvale
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2019

Total fund balances - governmental funds balance sheet	$	15,847,199
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		26,048,596
Accumulated depreciation has not been included in the governmental fund financial statements.		(7,596,457)
Premiums and discounts on issuance of debt are not recognized on the balance sheet for governmental funds.		(428,071)
Revenue in the statement of activities that do not provide current financial resources are not in the fund financial statements		369,791
Deferred inflow/outflow of resources for pension are not reported in the fund financial statements,		366,078
Long-term liabilities, including bonds payable, are not due and payable in the current period and; therefore are not reported in the funds.		(9,957,016)
Net pension liability is not due and payable in the current period and, therefore, is not rported in the fund financial statements.		(794,280)
Net OPEB liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.		(68,957)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(124,865)
Net position of governmental activities-statement of net position	$	23,662,018

The accompanying notes are an integral part of this statement.

Town of Sunnyvale
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	$ 4,174,009	$ 895,541	$ -	$ -	$ 5,069,550
Franchise taxes	1,089,316	-	-	-	1,089,316
Sales tax collected	1,871,591	-	-	-	1,871,591
Fines and Forefeitures	405,755	-	-	-	405,755
Impact fees		-	-	665,862	665,862
Licenses and permits	560,751	-	-	-	560,751
Charge for Services	135,958	-	-	-	135,958
Intergovernmental-state & local	19,966	-	884,879	-	904,845
Investment Income	21,640	3,614	100,950	14,854	141,058
Grant Revenue	-	-	-	9,018	9,018
Miscellaneous	82,082	-	-	-	82,082
Total revenues	8,361,068	899,155	985,829	689,734	10,935,786
Expenditures:					
Current:					
General Government	1,621,591	-	-		1,621,591
Public Safety	3,749,566	-	-	-	3,749,566
Public works	646,769	-	-	-	646,769
Public Services and operations	732,935	-	-	34,627	767,562
Parks and recreation	620,870	-	-		620,870
Library	203,300	-	-	-	203,300
Total current	7,575,031	-	-	34,627	7,609,658
Capital outlay:					
General Government	219,420	-			219,420
Public works	-	-	2,294,450		2,294,450
Public Safety	64,000	-			64,000
Library	3,290				3,290
Total capital outlay	286,710	-	2,294,450	-	2,581,160
Debt service:					
Principal retirement	-	420,000			420,000
Interest and fiscal agent fee	-	176,184			176,184
Total debt service	-	596,184	-	-	596,184
Total expenditures	7,861,741	596,184	2,294,450	34,627	10,787,002
Excess (deficiency) of revenues over (under) expenditures	499,327	302,971	(1,308,621)	655,107	148,784
Other financing sources (uses):					
Bond Proceeds		3,500,000			3,500,000
Transfers	200,233	(3,722,550)	3,500,000	-	(22,317)
Total other financing sources (uses)	200,233	(222,550)	3,500,000	-	3,477,683
Net change in fund balances	699,560	80,421	2,191,379	655,107	3,626,467
Fund balances, October 1	5,823,564	248,129	4,355,899	1,793,140	12,220,732
Fund balances, September 30	$ 6,523,124	$ 328,550	$ 6,547,278	$ 2,448,247	$ 15,847,199

The accompanying notes are an integral part of this statement.

Town of Sunnyvale
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - governmental funds	$	3,626,467
Amounts reported for governmental activities in the statement of activities are different because:		
Current year capital outlays are expenditures in the fund financial statements but these are shown as an increase in capital assets		2,807,024
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.		(821,022)
Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as a reduction in long term debt in the government-wide financial statements.		420,000
The issuance of long-term debt (e.g. bond proceeds) provides current financial resources to governmental funds not reported as revenue in the statement of activities		(3,500,000)
Bond premiums are recognized as an other financing source in the governmental funds, whereas premiums and discounts are deferred and amortized over the life of the bonds in the statement of activities.		32,715
Changes in net pension and OPEB liability are not shown in the fund financial statements.		(355,399)
Revenues in the statement of revenues, expenditures and change in fund balances that are not recognized as revenues in the statement of activities.		(3)
Change in net position - statement of activities	$	2,209,782

The accompanying notes are an integral part of this statement.

Town of Sunnyvale
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-type Activities Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 3,719,964
Restricted cash and cash equivalents	2,005,109
Receivables (net of allowances for uncollectibles):	1,031,644
Total current assets	6,756,717
Noncurrent assets:	
Inventory	54,531
Capital assets:	
Land	127,225
Infrastructure	27,564,811
Buildings	6,682,368
Machinery and equipment	935,732
Less: Accumulated Depreciation	(7,433,071)
Total capital assets, net of accumulated depreciation	27,877,065
Total noncurrent assets	27,931,596
Total Assets	34,688,313
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows from pensions	102,379
Total Deferred Outflow of Resources	102,379
LIABILITIES	
Current liabilities:	
Accounts payable	520,477
Other Liabilities	65,119
Accrued Expenses	595
Payables from restricted assets:	
Customer deposits	260,410
Accrued interest payable	16,947
Notes payable- current	67,446
Certificates of obligation- current	140,000
Bonds Payable- current	150,000
Total Current liabilities	1,220,994
Noncurrent liabilities:	
Compensated absences	23,058
Net Pension liability	158,441
Net OPEB liability	16,962
Notes payable	8,435
Certificates of obligation	1,982,429
Bonds payable	1,473,880
Total noncurrent liabilities	3,663,205
Total Liabilities	4,884,199
DEFERRED INFLOW OF RESOURCES	
Deferred inflows from pensions	29,305
Total Deferred Inflow of Resources	29,305
Net Position	
Invested in capital assets, net of related debt	24,054,875
Restricted for:	
Debt Service	
Water infrastructure installation	2,005,109
Unrestricted	3,817,204
Total Net Position	$ 29,877,188

The accompanying notes are an integral part of this statement.

Town of Sunnyvale
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities Enterprise Fund Water and Sewer
OPERATING REVENUES:	
Charges for Sales and services:	
Water Sales	$ 3,212,128
Sewer Sales	1,818,657
Garbage collection fees	393,102
Total operating revenues	5,423,887
OPERATING EXPENSES:	
Personnel services	584,643
Supplies and materials	71,128
Maintenance and repair	180,726
Contractual services	3,717,477
Depreciation	730,067
Total operating expenses	5,284,041
Operating Income (Loss)	139,846
NON-OPERATING REVENUES (EXPENSES):	
Investment Income	27,928
Impact Fees	460,423
Amortization	13,224
Interest expense	(137,125)
Bad debt expense	(1,290)
Total non-operating revenues (expenses)	363,160
Income before capital contributions and transfers	503,006
Capital contributions	-
Transfers	197,550
Total transfers and capital contributions	197,550
Change in net position	700,556
Net position, October 1	29,176,632
Net position, September 30	$ 29,877,188

The accompanying notes are an integral part of this statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities Utility Fund Water and Sewer
Cash Flows from Operating Activities:	
Cash received from customers	$ 5,259,562
Cash paid to employees	(587,055)
Cash paid for goods and services	(3,680,494)
Net cash provided (used) by operating activities	992,013
Cash Flows from Non-Capital Financing Activities:	
Transfers (to) from other funds	197,550
Impact fees	460,423
Net cash provided (used in) by non-capital financing activities	657,973
Cash Flows from Capital and Related Financing Activities:	
Acquisition or construction of capital assets	(69,623)
Interest and fiscal charges on debt	(137,125)
Principal payments on bonds	(288,434)
Net cash used in capital and related financing activities	(495,182)
Cash Flows from Investing Activities:	
Investment income	27,928
Net cash used in (provided by) investing activities	27,928
Net increase (decrease) in cash and cash equivalents	1,182,732
Cash and cash equivalents, October 1	4,542,341
Cash and cash equivalents, September 30	$ 5,725,073
Classified as:	
Current	$ 3,719,964
Restricted	2,005,109
	$ 5,725,073
Noncash disclosures:	
Premium Amortization	26,447
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income (loss)	$ 139,846
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	730,067
Bad Debt Expense	(1,290)
Change in Assets and Liabilities:	
(Increase) decrease in assets:	
Receivables	(197,835)
Due to/from	
Inventory	26,244
Increase (decrease) in liabilities:	
Accounts payable	269,183
Accrued expenses	(2,412)
Customer deposits	34,800
Pension liability	(6,821)
OPEB liability	231
Total adjustments	852,167
Net cash provided (used in) by operating activities	$ 992,013

The accompanying notes are an integral part of this statement.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Sunnyvale ("Town") is a municipal corporation governed by an elected mayor and a six-member Council. The Town provides the following services to the citizens of the Town as authorized by its charter: public safety (police and fire), public works, parks and recreation, water and sewer utilities, and general administrative services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to the state and local governments. Generally accepted accounting principles for local government include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments-Audit and Accounting Guide.* The more significant accounting policies of the Town are described below:

1. Reporting Entity

The Town is a municipal corporation governed by an elected mayor and six-member Council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Town is a financial reporting entity as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units."

Under GASB Statement No. 14, component units are organizations for which the Town is financially accountable and all other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the Town appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Town may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Town. The financial statements of the component units may be discretely presented in a separate column from the primary government, or blended with the financial statements of the primary government. GASB Statement No. 39 added clarification to GASB Statement No. 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents;
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization;
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

1. Reporting Entity (continued)

The financial statements of the following component units have been "discretely presented" within the accompanying report because (i) their governing boards are not substantially the same as the governing body of the Town, or (ii) the component units provide services entirely or almost entirely to the citizenry.

Discretely presented component units. The Town has two discretely presented component units, 4A Development Corporation and 4B Development Corporation. The component units described below are included in the Town's reporting entity because the Town appoints the governing body and the Corporations are fiscally dependent on the Town. To emphasize that the component units are legally separate from the Town, they are reported in a separate column within the financial statements. Fund information for the component units can be found in the supplementary information in this report. There are no separate financial statements issued for the component units.

The Sunnyvale 4A Development Corporation is governed by a 5-member board appointed by, and serving at the pleasure of the Town Council. The funding for the Corporation occurs with the collection of 1/4 of one percent of sales tax collections from the Town. This increased to ½ of one percent with the expiration of the voter approved Road Maintenance initiative that reverted ¼ of one percent back to the 4A Corporation beginning with the April 2019 sales tax collections received in June, 2019. The Corporation promotes development of commercial real estate, fosters local prosperity, and offers a competitive advantage for new, relocating, and expanding businesses.

The Sunnyvale 4B Development Corporation is responsible for collecting and disbursing the one-half of one percent sales tax to be used for economic incentives, and development and improvement in the quality of life for its citizens. The members of the Corporation's board serve at the pleasure of the Town Council.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria to be included as a component unit if management's professional judgment determines it to be necessary and misleading if it were to be omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

2. Basis of Presentation, Basis of Accounting

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires that the government-wide financial statements to be prepared using the accrual basis of accounting, and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities and business-type activities on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the Town's capital assets, including infrastructure.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2. Basis of Presentation, Basis of Accounting (continued)

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned, and when expenses are recorded at the time liabilities are incurred.

Management's Discussion and Analysis includes an analytical overview of the Town's financial activities. In addition, a budgetary comparison statement is presented that compares the original adopted and final amended budget with actual results for the General Fund.

The basic financial statements include both government-wide, based on the Town as a whole, and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost, by function or business-type activity, is normally covered by general revenue (property and sales taxes, franchise taxes, and interest income).

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds, and major individual proprietary funds are reported as separate columns within the funds financial statements. The major governmental funds are the General Fund the Debt Service Fund and the Capital Projects Fund. The major proprietary fund is the Utility Fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds. The nonmajor funds are combined in a separate column within the fund financial statements. With the adoption of GASB Statement No. 63, the presentation of deferred inflows/outflows is included in this calculation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the Utility Fund are charges to customers for sales and services. The Utility Fund also recognizes, as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the costs of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2. Basis of Presentation, Basis of Accounting (continued)

The government-wide focus is more on the sustainability of the Town as an entity, and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

3. Measurement Focus

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts, and reported within the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting, as are the proprietary fund financial statements. The economic resources measurement focus means all assets and liabilities, (whether current or noncurrent), are included on the statement of net position, and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred, regardless of the timing of cash flows.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available when they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and payable shortly after year end, as required by GASB Interpretation No. 6.

Ad valorem, franchise, and sales tax revenues recorded in the General Fund, and ad valorem tax revenues recorded in the Debt Service Fund, are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

3. Measurement Focus (continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed.

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources, and the related liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the Town's major governmental funds:

The ***General Fund*** is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund. All general tax revenues, and other receipts that are not restricted by law or contractual agreement to some other fund, are accounted for in this fund. General operating expenditures, fixed charges, and capital improvements costs, that are not paid through other funds, are paid from this fund.

The ***Debt Service Fund*** accounts for the accumulation of resources for the payment of principal, interest, and related cost on long term obligation debt of governmental funds.

The ***Capital Projects Fund*** accounts for the accumulation of resources used for the acquisition and/or construction of capital facilities of the Town except for those financed by proprietary funds.

Proprietary funds are accounted for on a flow of economic resources measurement focus. Within the economic measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases, (e.g., revenues), and decreases, (e.g., expenses), in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the

Town's water and sewer services are charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses, not meeting this definition, are reported as nonoperating revenues and expenses. The following is a description of the proprietary fund:

The ***Utility Fund*** accounts for the activities of trash collection, and water and wastewater operations, that are intended to be self-supporting on a user charge basis.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4. Financial Statement Amounts

a. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of one year or less from the date of acquisition.

b. Inventories

Inventories are valued using the first-in/first-out ("FIFO") method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

c. Receivable and Payable Balances

All trade and property tax receivables are shown net of an allowance for un-collectibles.

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts, and are reported as Internal Balances.

Legally authorized transfers are treated as transfers, and are included in the results of operations of both governmental and proprietary funds.

d. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law, through constitutional provisions or enabling legislation. Restricted assets in the proprietary fund represent cash and cash equivalents, and investments set aside for repayment of customer's water/sewer deposits, impact fees, and various bond covenants.

Impact fees are the capital recovery fees that are, by law, restricted to the projects these funds may be used to support.

Customer deposits received for water and sewer services are, by law, to be considered restricted assets. These activities are included in the Utility Fund.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4 Financial Statement Amounts (continued)

e. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. The Town defines capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays, that significantly extend the useful life of an asset, are capitalized. Other costs incurred for repairs and maintenance are expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is

included as part of the capitalized value of the assets constructed. No interest was capitalized during the current fiscal year.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Buildings	40 years
Building Improvements	10-40 years
Machinery & Equipment	3-5 years
Infrastructure	40-50 years
Vehicles/Apparatus	10-15 years

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4 Financial Statement Amounts (continued)

f. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town only has two items that qualify for this type of reporting. It is the deferred charge on refunding debt reported in the government-wide statement of net position, and on the utility operations fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt, and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt. The Town's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year end. Also, the difference between projected and actual investment earnings are amortized as a component of pension expense over a five-year period beginning with the period in which the difference occurred.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category. Accordingly, the item, *unavailable revenue* is reported in the governmental funds balance sheet. Deferred revenue from property taxes is shown as a deferred inflow of resource. The amount is deferred and recognized as inflows of resources in the period that the amounts become available. Deferred revenue from the receivable from 4A is shown as a deferred resource. The amount is deferred and recognized as inflows of resources in the period that the amounts become available. As a component of implementing GASB Statement No. 68, and GASB Statement No. 75, a deferred inflow is recorded in the government-wide statement of net position and within the separate financials for the proprietary statement of net position, for the difference in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is deferred and amortized over a period of years determined by the Plan actuary. The differences are amortized over the average remaining service life of all participants in the respective pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

g. Compensated absences

It is the government's policy to permit employees with at least six months of continuous service to accumulate earned but unused vacation pay benefits, not to exceed two times the rate of the employees' annual rate of accrual based on years of service. It is the Town's policy to pay up to 90 days of unused sick time for full time employees upon termination. All sick and vacation pay is accrued when incurred within the government-wide and proprietary fund financial statements. As such, there is an accrual at the close of the fiscal year in the government-wide and proprietary fund financial statements for the amount due to all employees as of September 30, 2019. No unused holiday leave will be paid out upon termination of employment.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4 Financial Statement Amounts (continued)

h. Pension Plan

In government-wide financial statements, retirement plans (pension) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amounts recognized as pension expenditures.

In general, the Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Texas Municipal Retirement System ("TMRS"). The net pension liability is measured as of December 31, 2018. Changes in the net pension liability are recorded as pension expense, or as deferred inflows of resources, or deferred outflows of resources, depending on the nature of the change. The changes in net pension liability that is recorded as deferred inflows of resources, or deferred outflows of resources, (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience), is amortized over the weighted average remaining service life of all participants, and are recorded as a component of pension expense beginning with the period in which it is incurred.

For purposes of measuring the net pension liability, and deferred inflows/outflows of resources, relating to pension expense, information about the fiduciary net position of the Town's pension plan with TMRS, and additions/deductions from the plan's fiduciary net position, have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at market value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources, or deferred outflows of resources, and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed five-year period of recognition.

i. Long-term Obligations

In the government-wide financial statements, and proprietary fund types within the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. The Town has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4. Financial Statement Amounts (continued)

Within the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position within the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

k. Fund Balance Policies

In the fund financial statements, governmental funds report reservations of fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Town is bound to honor constraints on how specific amounts can be spent.

•*Non-spendable fund balance* - includes the portion of net resources that cannot be spent because of its form (i.e., inventory, long-term loans, or prepaids), or because they must remain intact.

- *Restricted fund balance* - includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers, or as allowed by law through constitutional provisions or enabling legislation.

- *Committed fund balance* - includes the portion of net resources that can only be used for a specific purpose, determined by a resolution or ordinance of the Town Council, and that remains binding unless removed in the same manner. The resolution must be approved before the commitment will be reflected on the financial statements.

- *Assigned fund balance* - includes the portion of net resources for which an *intended* use has been established by the Town Council or the Town Manager. Assignment of fund balance is much less formal than commitments, and do not require formal action for their imposition or removal. In governmental funds, other than the General Fund, assigned fund balance represents the amount that is not restricted or committed, which indicates that resources are, at a minimum, intended to be used for the purpose of that fund, as directed by the Town Council, or the Town Manager.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4. Financial Statement Amounts (continued)

- *Unassigned fund balance* - includes the amounts within the General Fund in excess of what can properly be classified in one of the other categories of fund balance. It is the residual classification of the General Fund, and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment, committed fund balance, or an assignment, assigned fund balance.

The purpose of the Town's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unprecedented one-time expenditures.

It is the long-term goal of the Town to maintain a minimum unassigned fund balance in the general fund equivalent to no less than 66% of operating expenses. The Town is currently in compliance with this policy, with an unassigned fund balance at 76% of operating expenditures.

l. Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources, the total of committed, assigned and unassigned fund balance. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance within the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider any restricted fund balance to have been depleted before using any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

m. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed.

n. Comparative Data

Comparative total data for the current year to budget have been presented within the supplementary section of the financial statements in order to provide an understanding of budgeted to actual results.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4. Financial Statement Amounts (continued)

o. Property Taxes

The Town's property tax is levied each October 1, on the assessed value listed as of the prior January 1, for all real and personal property. Appraised values are established by the Dallas Central Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Dallas County Appraisal District bills for the property taxes, which are due October 1. Full payment must be made prior to the next January 31, to avoid penalty or interest charges. Over time, substantially all property taxes are collected. Revenues are recognized as ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value, and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the Town may, at its own expense, require annual reviews of appraisal values. The Town may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the Town continues to set tax rates on Town property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

For the fiscal year ended September 30, 2019, the Town had a tax rate of $.4567 per $100 assessed values.

p. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In, and Transfers Out, are netted, and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

q. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4. Financial Statement Amounts (continued)

r. Program Revenues

Certain revenues such as charges for services and impact fees are included in program revenues.

s. Program Expenses

Certain indirect costs, such as administrative costs, are included in the program expense reported for individual functional activities.

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None	N/A

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

3. Budgets and Budgetary Accounting

The Town adopts an "appropriated budget" of several of the governmental funds by department. The Town is required to present the adopted and final amended budget for both revenues and expenditures. The Town compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data:

- The Town Manager shall submit a proposed budget containing a complete financial plan for each fiscal year. Such budget shall be submitted to the Town Council not more than one hundred twenty (120) days, but not less than sixty (60) days, prior to the beginning of each fiscal year.
- The General Fund is legally required to have an adopted budget, and is included in the basic financial statements. The Town Manager shall submit a five-year Capital Improvement Program as an attachment to the annual budget. The Program shall include a list of all capital improvements that are proposed for the five fiscal years succeeding the budget year; cost estimates, method of financing, and recommended time schedules for each improvement; and the estimated annual cost of operating and maintaining the facilities to be constructed or acquired. The information may be revised and extended each year with regard to the capital improvements still pending, or in process of construction or acquisition.

B. COMPLIANCE AND ACCOUNTABILITY (continued)

• The Town Council shall publish a notice for a public hearing on the budget in accordance with State Law.

3. Budgets and Budgetary Accounting (continued)

• After the public hearing, the Town Council may adopt the budget with or without amendment. In amending the budget, the Town Council may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law, or for debt service.

• On or before the 20th day of the last month of the fiscal year currently ending, the Town Council shall adopt the budget by an affirmative vote of a majority of the members of Town Council then qualified and serving. If the Town fails to adopt the budget by this date, the amounts appropriated for current operation for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month-to-month basis, with all items in it prorated accordingly, until such time as the Town Council adopts a budget for the ensuing fiscal year. Adoption of the budget shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

• Under conditions which may arise, and which could not have been foreseen in the normal process of budget preparation, the Town Council may, by an affirmative action vote of a majority of the members of the Town Council, then qualified and serving, amend the budget. Such amendments shall be by ordinance.

C. CASH AND INVESTMENTS

The Town's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with the Town's agent approved pledged securities authorized by Chapter 2257, "Collateral for Public Fund of the Government Code", in an amount sufficient to protect the Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Corporation ("FDIC").

Cash Deposits

At September 30, 2019, the carrying amount of the Town's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $21,752,286 and the bank balance was $21,989,030. The Town's cash deposits at September 30, 2019 and during the year ended September 30, 2019, were entirely covered by FDIC insurance or by pledged collateral held by the Town's agent bank in the Town's name.

C. CASH AND INVESTMENTS (continued)

Cash and investments as of September 30, 2019 consist of and are classified in the financial statements as follows:

Statement of net position:

	Carrying Value
Primary Government	
Cash and cash equivalents	$ 9,222,750
Restricted assets-cash and cash equivalents	12,529,536
Total cash and cash equivalents	21,752,286
Governmental- Restricted Cash	
Community Services	69,062
Road Maintenance and improvements	2,181,748
Debt service	347,526
Capital Projects	7,926,091
Total Governmental	10,524,427
Business-type- Restricted Cash	
Water Infrastructure Installation	2,005,109
Total Business-type	2,005,109
Total Restricted cash	$ 12,529,536

Investments

The Public Funds Investment Act ("Act") (Government Code Chapter 2256) requires the Town to have an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the Town adhered to the requirements of the Act. Additionally, investment practices of the Town were in accordance with local policies.

Currently, all of the Town's investments are with TexSTAR. TexSTAR is administered by First Southwest Asset Management Inc. and JP Morgan Chase. Together, these organizations bring to the TexSTAR program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management. TexSTAR is a local government investment cooperative created under the Interlocal Cooperation Act, specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAm by Standard & Poor's. A request for TexSTAR's financial statement can be made at www.TexStar.org.

C. CASH AND INVESTMENTS (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the Town to require full collateralization of all Town investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. government and its agencies and instrumentalities.

In order to anticipate market changes and provide a level of security for all funds, it is the Town's policy that the market value of investments securing the deposit of funds shall be at least equal to or not less than 102% of the amount of the deposit of funds, reduced to the extent that the deposits are insured by the FDIC. The market value of collateral will always equal or exceed the principal and accrued interest of deposits at financial institutions. At its discretion, the Town may require a higher level of collateralization for certain investment securities. Securities pledged as collateral shall be held by an independent third party with whom the Town has a current custodial agreement. As of September 30, 2019, The Town is in compliance with this policy.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements and the actual rating as of year-end for each investment type.

The Town will minimize credit risk, the risk of loss due to the failure of security issuer or backer by:

- Limiting investment to the safest types of securities;
- Pre-qualifying the financial institutions and broker/dealers with which the Town will do business;
- Diversifying the investment portfolio so that potential loss on individual securities will be minimized.

C. CASH AND INVESTMENTS (continued)

Interest Rate Risk

Investment rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its market value, to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing interest rate risk. The Town monitors interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Town's investment policy has no specific limitations with respect to this metric.

Fair Value of Investments

Fair value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in forced liquidation. GASB 79 created an election option for external investment pools and pool participants to continue to utilize amortized cost accounting, rather than fair value, for certain investment pools, and eliminated the reference to SEC2a-7 guidance. Participants in qualifying pools would be permitted to continue measuring investments at amortized cost if they met certain criteria. The Town's investment pool (TexStar) is in compliance with GASB 79. The Town's investment pool, TexStar, has elected to continue to measure its investments at fair value even though they meet all criteria under GASB 79 to report at amortized cost. The Town has mirrored these valuations.

The Town is required to disclose the fair value of its investments within the fair value hierarchy established by GASB 72. In the fair value hierarchy there are three levels: 1) Inputs that are quoted prices (unadjusted) for identical assets, or liabilities in active markets that a government can access at the measurement date, 2) inputs (other than quoted prices included within level one) that are observable for an asset or liability, either directly or indirectly, 3) unobservable inputs for an asset or liability.

Federal Securities classified as level two of the fair value hierarchy are valued using an evaluation model maintained by surveying the dealer community, obtaining relevant trade dates and spreads,

and incorporating information into the evaluation process. U.S. Treasury Notes classified as level two of the fair value hierarchy are valued using an evaluation mode with continuous feeds from live data sources including active market makers and inter-dealer brokers.

The Town invests in TexStar investment pool which maintain a stable net asset value (NAV) of $1 per share using the fair value method. The Town has no unfunded commitments to these pools and may redeem investments at any time. As of September 30, 2019 the Town's investments all were classified as level two according to GASB 72, except for the pools which are exempt from the level of fair value disclosure because they are valued either at NAV or amortized cost.

C. CASH AND INVESTMENTS (continued)

SUMMARY OF INVESTMENTS AND CASH EQUIVALENTS, RELATED WEIGHTED AVG.MATURITY, AND FAIR VALUE MEASUREMENTS

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End	Average Maturity
TexStar	$ 4,426,091	N/A	AAA-m	39 days
TexStar	$ 3,500,000	N/A	AAA-m	22 days

D. RECEIVABLES

Receivables as of year-end for the government's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Other Governmental Funds	Utility Fund	Total
Receivables:					
Taxes	$ 557,895	$ 11,543	$	$ -	$ 569,438
Fees and Charges	2,084,223	-	884,879	1,031,783	4,000,885
Gross Receivables	2,642,118	11,543	884,879	1,031,783	4,570,323
Less:					
Allowance for uncollectibles	$ (2,028,004)	$ (6,744)	$	$ (139)	$ (2,034,887)
Net Total Receivables	$ 614,114	$ 4,799	$ 884,879	$ 1,031,644	$ 2,535,436

Allowance for un-collectables:

Approximately 98%, or $1,991,613, of the allowance represents older outstanding court warrants that that have been deemed as potentially uncollectable.

E. NOTE RECEIVABLE

The Sunnyvale 4A Development Corporation agreed to pay a portion of the Town's 2013 Refunding Bond by remitting to the Town from the receipts of local sales and use taxes received by the Corporation to pay a portion of the principal and interest on the bonds.

	Balance 09/30/18	Additions	Decreases	Balance 09/30/19	Due within One Year
Note receivable-4A Dev	$ 382,739	$ -	34,998	$ 347,741	$ 35,164

Requirement as follows:

Year Ending Sept 30	Payment
2020	35,164
2021	36,238
2022	37,254
2023	37,356
2024	38,366
2025 - 2028	163,363
	347,741

F. CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2019 was as follows:

	Balance 09/30/18	Transfers	Additions	Decreases	Balance 09/30/19
Governmental Activities:					
Capital assets not being depreciated:					
Land	$ 1,419,679	$ -	$ -	$ -	$ 1,419,679
Construction in progress	30,758	-	2,263,692	-	2,294,450
Total capital assets not being depreciated	1,450,437	-	2,263,692	-	3,714,129
Capital assets being depreciated:					
Buildings & Improvements	5,395,244	-	15,550	-	5,410,794
Machinery and equipment	4,205,737	-	103,369	-	4,309,106
Infrastructure	12,477,059	-	137,508	-	12,614,567
Total capital assets being depreciated	22,078,040	-	256,427	-	22,334,467
Less accumulated depreciation for:					
Buildings & Improvements	(1,619,324)	-	(134,859)	-	(1,754,183)
Machinery and equipment	(2,929,920)	-	(264,250)	-	(3,194,170)
Infrastructure	(2,226,191)	-	(421,913)	-	(2,648,104)
Total accumulated depreciation	(6,775,435)	-	(821,022)	-	(7,596,457)
Total capital assets being depreciated, net	15,302,605	-	(564,595)	-	14,738,010
Governmental activities capital assets, net	$ 16,753,042	$ -	1,699,097	$ -	$ 18,452,139

F. CAPITAL ASSETS (continued)

	Balance 09/30/18	Transfers	Additions	Retirements	Completed Construction	Balance 09/30/19
Business-Type Activities						
Capital assets not being depreciated:						
Land	$ 127,225	$ -	-	$ -	$ -	$ 127,225
Construction in progress	-	-	-	-	-	-
Total capital assets not being depreciated	127,225	-	-	-	-	127,225
Capital assets being depreciated:						
Buildings	6,667,418	-	14,950	-	-	6,682,368
Machinery and equipment	881,058	-	54,674	-	-	935,732
Infrastructure	27,564,811		-	-	-	27,564,811
Total capital assets being depreciated	35,113,287	-	69,624	-	-	35,182,911
Less accumulated depreciation for:						
Buildings	(1,047,526)	-	(132,136)	-	-	(1,179,662)
Machinery and equipment	(432,552)	-	(53,844)	-	-	(486,396)
Infrastructure	(5,222,925)		(544,088)			(5,767,013)
Total accumulated depreciation	(6,703,003)	-	(730,068)	-	-	(7,433,071)
Total capital assets being depreciated, net	28,410,284	-	(660,444)	-	-	27,749,840
Business type activities capital assets, net	$ 28,537,509	$ -	(660,444)	$ -	$ -	$ 27,877,065

F. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	$ 450,778
Public Safety	
Public Works	281,801
Community Service	
Parks & Recreation	88,443
Total depreciation expense - governmental activities	$ 821,022
Business-type activities	
Utility	730,068
Total depreciation expense- business-type activities	$ 730,068

G. CONSTRUCTION COMMITMENTS

As of September 31, 2019, the Town had one open construction project for enhancements to Collins Road Infrastructure.

H. IMPAIRED CAPITAL ASSETS

The Town of Sunnyvale and management did not take note of any significantly impaired capital assets that are idle at the end of the fiscal year of 2019.

I. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2019, is as follows:

	Balance 09/30/18	Issued	Decrease	Balance 09/30/19	Due Within One Year
Governmental activities:					
Refunding bonds	$ 2,180,000	$ -	$ (175,000)	$ 2,005,000	$ 175,000
Certificates of obligation	4,045,000	-	(120,000)	3,925,000	130,000
Tax Note	375,000		(125,000)	250,000	125,000
Tax Note - series 2019		3,560,000		3,560,000	415,000
Plus: Issuance premiums	491,376	-	(34,332)	457,044	(34,332)
Minus: Issuance discounts	(30,590)	-	1,617	(28,973)	1,617
Total bonds payable	7,060,786	3,560,000	(452,715)	10,168,071	812,285
BOK Finance	310,484		(93,468)	217,016	95,163
Total lease payable	310,484	-	(93,468)	217,016	95,163
Net pension Liability	440,040	354,240	-	794,280	-
Net OPEB Liability	67,798	1,159	-	68,957	-
Compensated absences	124,865	-	-	124,865	-
Governmental activity long-	$ 8,003,973	$ 3,915,399	$ (546,183)	$ 11,373,189	$ 907,448

I. LONG-TERM OBLIGATIONS (continued)

	Balance 09/30/18	Issued	Decrease	Balance 09/30/19	Due Within One Year
Business-type activities:					
Water & Sewer					
Refunding Bonds	$ 1,675,000	$ -	$ (145,000)	$ 1,530,000	$ 150,000
Certificates of obligations	2,230,000	-	(135,000)	2,095,000	140,000
Plus: Issuance Premiums	134,532	-	(13,223)	121,309	13,223
Total Bonds Payable	4,039,532	-	(293,223)	3,746,309	303,223
Notes Payable	120,025	-	(12,007)	108,018	12,004
Minus: Issuance discounts	(35,709)	-	3,572	(32,137)	(3,572)
Total Notes Payable	84,316	-	(8,435)	75,881	67,446
Net pension liability	105,554	52,887	-	158,441	-
Net OPEB Liability	16,735	227	-	16,962	-
Compensated absences	23,058	-	-	23,058	-
Business-type activities					
Long- Term liabilities	$ 4,269,195	$ 53,114	$ (301,658)	$ 4,020,651	$ 370,669

General obligation bonds

The general obligation bonds are backed by the full faith and credit of the Town and are payable from property taxes.

Refunding bonds and certificates of obligation

The refunding bonds and certificates of obligation are payable from the net revenues of the Utility Fund and from property taxes received by the Town.

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General or Proprietary Fund, based on the assignment of an employee at date of termination.

I. LONG-TERM OBLIGATIONS (continued)

Changes in Governmental Long-term Debt (continued)

Changes in Governmental Long-term Debt

0
0

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 30-Sep 2018	Issued	Retired	Amounts Outstanding 30-Sep 09/30/19	Due Within One Year
2013 GO Refunding	2.50%	$ 4,295,000	$ 2,180,000	$ -	$ (175,000)	$ 2,005,000	$ 175,000
2017 Certificate of Obligation	3.00%	4,045,000	4,045,000	-	(120,000)	3,925,000	130,000
2014 Tax Note	1.62%	785,000	375,000	-	(125,000)	250,000	125,000
2019 Tax Note	1.80%	3,650,000	-	3,560,000	-	3,560,000	415,000
Total Bonds Payable		12,775,000	6,600,000	3,560,000	(420,000)	9,740,000	845,000
Capital Lease- BOK	1.81%	591,554	310,484	-	(93,468)	217,016	95,163
Total Capital Lease Payable		591,554	310,484	-	(513,468)	217,016	940,163
Net Pension Liability		-	440,040	354,240	-	794,280	-
Net OPEB Liability		-	67,798	1,159	-	68,957	-
Compensated balances		-	124,865		-	124,865	-
Totals		$ 13,366,554	$ 7,543,187	$ 3,915,399	$ (933,468)	$ 10,945,118	$ 940,163

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest
2020	845,000	254,958
2021	895,000	241,503
2022	905,000	221,815
2023	925,000	201,190
2024	945,000	180,085
2025 - 2029	3,090,000	602,465
2030 - 2034	1,250,000	306,000
2035 - 2039	885,000	53,900
	$ 9,740,000	$ 2,061,916

A brief discussion of each bond issuance as follows:

$4,295,000 - Series 2013 Refunding General Obligation Bonds issued in April 2013 to refund a portion of the Town's outstanding debt. The Bonds mature in September 2028.

$785,000 - 2014 Tax Note issued in November 2014 for the purpose of purchasing land and a building for law enforcement facilities. The Note matures in February 2021.

$4,045,000 - 2017 Certificate of Obligation issued in April 2017 for the purpose of construction of street improvements to Collins Road. The Certificates mature at various dates through September 2037.

I. LONG-TERM OBLIGATIONS (continued)

$3,650,000 - 2019 Tax Note issued in February 2019 for the purpose of starting up the first Sunnyvale Police Department and other public safety needs. The Note mature at various dates through September 2026.

Capital Lease

The Town entered into a capital lease agreement for a 2016 Ford F-350 Ambulance in the amount of $176,125 on December 29, 2015 and a 2016 Spartan Pumper in the amount of $415,429 on February 16, 2016. The lease will be repaid over a seven year period at an interest rate of 1.81%. The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2019 were as follows:

Year Ending September 30:	Total Requirements
2020	99,097
2021	62,588
2022	62,588
Totals	224,273

Changes in Business-type Long-term Debt

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 30-Sep 2018	Issued	Retired	Amounts Outstanding 30-Sep 2019	Due Within One Year
2011 CO	3.00%	$ 3,035,000	$ 2,230,000	$ -	$ (135,000)	$ 2,095,000	$ 140,000
2013 GO Refunding	2.50%	2,370,000	1,675,000	-	(145,000)	1,530,000	150,000
Total Bonds Payable		5,405,000	3,905,000	-	(280,000)	3,625,000	290,000
Infrastructure Repayment		192,062	120,025		(12,007)	108,018	12,004
Net Pension Liability		-	105,554	52,887		158,441	-
Net OPEB Liability		-	16,735	262		16,997	-
Compensated balances		-	23,058			23,058	-
Totals		5,597,062	4,170,372	53,149	(292,007)	3,931,514	302,004

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest
2020	290,000	124,875
2021	300,000	114,600
2022	310,000	103,975
2023	320,000	93,413
2024	335,000	82,400
2025 - 2029	1,650,000	228,800
2030 - 2034	420,000	18,063
Totals	$ 3,625,000	$ 766,126

I. LONG-TERM OBLIGATIONS (continued)

Changes in Business-type Long-term Debt (continued)

A brief discussion of each bond issuance as follows:

$1,090,000 Series 2010 Refunding General Obligation Bonds issued in March 2010 to refund a portion of the Town's outstanding debt. The Bonds matured in 2017 and were repaid in their entirety.

$3,035,000 Series 2011 Combination Tax and Revenue Certificates of Obligation bonds issued for constructing, acquiring, purchasing, renovating, enlarging, equipping and improving water system properties and facilities, including the acquisition of land and right-of-ways therefore, and professional services rendered in connection therewith. The Certificates mature at various dates through February 2021.

$2,370,000 Series 2013 Refunding General Obligation Bonds issued in April 2013 to refund a portion of the Town's outstanding debt. The Bonds mature in September 2028.

Note Payable

In fiscal year 2007, the Town executed an infrastructure repayment agreement with the Texas Department of Agriculture's Rural Economic Development Division. Under the terms of the agreement, the Town agreed to repay program income to the Texas Department of Agriculture in an amount up to $192,100. The note is noninterest bearing. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 5.00%. Payments will be made in no more than two hundred and forty equal monthly installments beginning the first (1st) day of the third (3rd) month following the completion date or occupancy by the beneficiary, whichever comes first. The amount of funds to be repaid as of September 30, 2019 totals $108,018. The amount due within one year totals $12,004.

Year Ending September 30:		Minimum Obligation
2020		12,004
2021		12,004
2022		12,004
2023-2028		72,006
Total minimum note payments	$	108,018
Less: amount representing interest		(32,137)
Present value of note payments	$	75,881

J. OPERATING LEASES

The Town leases copiers from DeLange to provide equipment for the printing, copying, faxing, and scanning needs of the Town during daily operation. The total cost for the copier leases was $35,671 for the year ended September 30, 2019. The Town also leases a postage machine from Pitney Bowes. The total cost for the postage machine lease was $2,928 for the year ended September 30, 2019. The future minimum payments for these leases are as follows:

Year Ending 30-Sep	Pitney Bowes	DeLange	Total
2020	$ 2,928	$ 35,671	38,599
2021	1,464	2,609	4,073
Total	4,392	38,280	42,672

K. PENSION PLAN

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TMRS and additions/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Plan Description

The Town provides pension benefits for all its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code ("TMRS Act") as an agent multiple employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at www.tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefits provisions are adopted by the Town Council, within the options available in the statutes governing TMRS.

K. PENSION PLAN – continued

2. Benefits Provided - continued

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms:

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

	Plan Year	
	2018	2017
Retirees or beneficiaries currently receiving benefits	17	16
Inactive employees entitled to but not yet receiving benefits	39	33
Active employees	45	39
	101	88

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the Town Council. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 6.00% of their annual gross earnings during the fiscal year. Contribution rates for the Town were 12.13% and 12.19% in calendar years 2017 and 2016, respectively. The Town's contributions to TMRS for the fiscal year ended September 30, 2019 were $305,496.

K. PENSION PLAN – continued

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the Town Council. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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4. Net Pension Liability

The Town's Net Pension Liability ("NPL") was measured as of December 31, 2018, and the Total Pension Liability ("TPL") used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0%, per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the Town, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustments are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

K. PENSION PLAN – continued

3. Contributions - continued

Actuarial assumptions used in the December 31, 2018 valuations were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31; 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding need of TMRS.

The long-term expected rate of return on pension plan investment is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions were made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

K. PENSION PLAN - continued

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 5,642,296	$ 5,076,902	$ 565,394
Changes for the year:			
Service cost	357,726	-	357,726
Interest (on the Total Pension liability)	385,554	-	385,554
Change in benefit terms	-	-	-
Difference between expected and actual experience	(63,739)	-	(63,739)
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(218,505)	(218,505)	-
Contribution - employer	-	274,303	(274,303)
Contribution - employee	-	138,653	(138,653)
Net investment income	-	(152,102)	152,102
Administrative expense	-	(2,939)	2,939
Other	-	(153)	153
			-
Net changes	461,036	39,257	421,779
Balance as of December 31, 2018	$ 6,103,332	$ 5,116,159	$ 987,173

Sensitivity of the net position liability to change in the discount rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate 5.75%	Current Single Rate Assumption 6.75%	1% Increase in Discount Rate 7.75%
City's net pension liability	$ 1,970,771	$ 987,173	$ 198,422

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

K. PENSION PLAN (continued)

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the Town recognized pension expense of $328,858.

At September 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 234,114	$ -
Differences between expected and actual economic experience	7,349	52,969
Changes in actuarial assumptions	1,509	-
Differences between projected and actual investment earnings	447,672	183,848
Total	$ 690,644	$ 236,817

$234,114 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31,	Amount
2019	$ 74,101
2020	22,242
2021	24,413
2022	98,957
2023	-
Thereafter	-
Total	$ 219,713

K. PENSION - continued

6. Group-term Life Insurance

The Town also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund ("SDBF"). The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit", or OPEB.

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Total OPEB Liability

The Town's total OPEB liability of $89,497 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.5% including inflation
Discount rate	3.71%
Retirees' share of benefit related costs	$ -0-

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA index" rate as of December 31, 2017. Mortality rates - service retirees:

RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

K. PENSION PLAN (continued)

6. Group-term Life Insurance - Continued

Mortality rates - disabled retirees:

RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and then 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability:

Total OPEB Liability - beginning of year	$	88,056
Changes for the year		
Service Cost		9,012
Interest on Total OPEB Liability		3,049
Changes of benefit terms		-
Differences between expected and actual experience		(3,663)
Changes in assumptions or other inputs		(6,033)
Benefit payments **		(924)
Net Changes		1,441
Total OPEB Liability - end of year	$	89,497

The following presents the Total OPEB Liability of the Town, as well as what the Town's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31 percent) or 1-percentage-point higher (4.31%) than the current discount rate.

	1 % Decrease	Current Discount Rate	1% Increase
	2.71%	3.71%	4.71%
Total OPEB Liability	$ 105,896	$ 89,497	$ 76,649

K. PENSION PLAN (continued)

6.Group-term Life Insurance - Continued

	1 % Decrease 2.71%	Current Discount Rate 3.71%	1% Increase 4.71%
Total OPEB Liability	$ 105,896	$ 89,497	$ 76,649

Deferred (Inflows)/Outflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,037
Changes in assumptions and other inputs	4,387	5,002
Contributions made subsequent to measurement date	5,124	-
Total	$ 9,511	$ 8,039

Amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

	Net deferred outflows (inflows) of resources
2019	$ (518)
2020	(518)
2021	(518)
2022	(687)
2023	(1,411)
Thereafter	-
Total	$ (3,652)

L. HEALTH CARE COVERAGE

During the year ended September 30, 2019, employees of the Town were covered by a health insurance plan with Texas Municipal League Intergovernmental Employee Benefit Pool ("TMLIEBP"). The Town contributed $465 per month. In addition, a monthly amount, $79.00 was credited to a Health Reimbursement Account ("HRA") for each employee. The Town also paid the monthly premium for a $10,000 life insurance and accidental death and dismemberment ("AD&D") protection for each employee. The Town paid 100% of monthly premiums for full-time employees. The Town did not pay for dependent coverage; however, it was available to employees at their option and was paid through payroll deductions.

M. INSURANCE COVERAGE

In accordance with state statute, the Town was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed and eligible to do business in Texas, in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding $125,000 and for aggregate loss. According to the latest actuarial opinion, dated October 1, 2015, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

N. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The Town pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The Town continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

O. LITIGATION

The Town is a party to various legal proceedings arising in the ordinary course of its operations. Management believes that the Town has adequate legal defenses and/or insurance coverage respecting each of these actions.

P. ADDITIONAL WATER AND SEWER INFORMATION

The following information is included at the request of the Texas Water Development Board for the year under audit.

Water Accountability Report:

Gallons Purchased	583,315,000	Gallons Billed	499,960,570

The Town secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59, created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation, and eminent domain power and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the Town. The District is governed by a 17-member board ("Board"). The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contract with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of these factors, the District is not included in the Town's basic financial statements.

The Town purchases its water from the North Texas Municipal Water District ("NTMWD"). Each year, NTMWD calculates the cost of water based upon the previous year's usage. The Town currently pays $2.97 per thousand gallons for water with the total cost for this current fiscal year being $1,859,977.

Q. TRANSFERS

Transfers between funds during the fiscal year were as follows:

Fund	Transfers Out	Transfers In	Total
General Fund	$ 200,233	$ -	$ 200,233
Other Governmental Funds	3,500,000	(3,722,550)	(222,550)
Water and Sewer Funds	197,550	-	197,550
Component Units	42,767	(218,000)	(175,233)
Total Major Funds	$ 3,940,550	$ (3,940,550)	$ -

Transfers are used to 1) transfer debt service payments and 2) fund general administrative operations.

R. RELATED PARTY TRANSACTIONS

The Town's Finance Director is married to the owner of Digital Security Systems, a company which services the security system of the Town. During the year ended September 30, 2019, the Town incurred $936 with Digital Security Systems. No amounts were outstanding as of September 30, 2019.

S. SUBSEQUENT EVENTS

The Town has evaluated all events and transactions that occurred after September 30, 2019 up through March 23, 2020, the date the financial statements were available to be issued. Combination Tax and Revenue Certificates of Obligation – Series 2019 dated December 5, 2019 were issued for $5,720,000. Proceeds are to be used for drainage projects identified in the Capital Improvement Plan along Tripp Road and the design of the Collins Road Phase II project. A capital lease in the amount of $470,349 was executed with REV Financial Services dated February 24, 2020 for the purchase of a 2018 fire engine. There is an item on the Mar. 23, 2020 Town Council Agenda, Resolution 20-22 approving and authorizing publication of notice of intention to issue Certificates of Obligation in an amount not to exceed $11,000,000. This will fund the construction/improvements of one or more fire stations, bridge and/or streets and two sewer lines. During this time, management is not aware of any other events requiring financial statement disclosure other than those mentioned within the report.

T. SUNNYVALE 4A DEVELOPMENT CORPORATION

The 4A Economic Development Corporation ("4A") is financed with a voter approved ¼ of 1% of sales tax to aid, promote and further the economic development within the Town. Under a contract between 4A and the Town, the Town provides financial services for 4A.

1. Stewardship, Compliance and Contractual Provisions

   a. Finance-related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance- related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violation	Action Taken
None	N/A

   b. Deficit Fund Balance of Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at fiscal year-end if any, along with remarks which address such deficits:

Violation	Action Taken
None	N/A

T. SUNNYVALE 4A DEVELOPMENT CORPORATION - Continued

2. Deposits and Investments

Cash Deposits

At September 30, 2019, the carrying amount of 4A's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $2,621,432 and the bank balance was $2,622,190. 4A's cash deposits at September 30, 2019 and during the year ended September 30, 2019 were entirely covered by FDIC and pledged collateral held by 4A's agent bank in 4A's name.

Cash and investments as of September 30, 2019 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

4A Development Corporation	
Cash and Cash Equivalents	$ 2,621,432

Investments

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures conducted as a part of the audit of the general purpose financial statements found that 4A Development Corporation's investment practices, management reports, and establishment policies adhered to the requirements of the Act.

3. Receivables

Accounts receivable at the end of the fiscal year is due from the Town in the amount of $148,726 for collection of sales tax revenues. No allowance for uncollectible is calculated since there is minimal chance that the entire amount will not be collected.

T. SUNNYVALE 4A DEVELOPMENT CORPORATION (continued)

4. Capital Assets

Capital asset activity for the period ended September 30, 2019 was as follows:

4A Component Unit	Balance 09/30/18	Transfers	Additions	Decreases	Balance 09/30/19
Capital assets being depreciated:					
Machinery and equipment	$ 8,578	$ -	$ -	$ -	$ 8,578
Total capital assets being depreciated	8,578	-	-	-	8,578
Less accumulated depreciation for:					
Machinery and equipment	(8,578)	-	-	-	(8,578)
Total accumulated depreciation	(8,578)	-	-	-	(8,578)
Total capital assets being depreciated, net	-	-	-	-	-
4 A component unit capital assets, net	$ -	$ -	$ -	$ -	$ -

No depreciation expense was charged to functions/programs of the component units for the year ended September 30, 2019.

5. Long-term Obligations

The Sunnyvale 4A Development Corporation agreed to pay a portion of the Town's 2013 Refunding Bond by remitting to the Town from the receipts of local sales and use taxes received by 4A to pay a portion of the principal and interest on the bonds. 4A remitted $34,998 to the Town during fiscal year 2019. The outstanding amount owed to the Town as of September 30, 2019 totaled $347,741. Note payable requirements are as follows:

	Beginning Balances	Issued	Decreased	Ending Balance	Due Within One Year
Governmental Activities					
Notes payable- Town	$ 382,739	$ -	$ (34,998)	$ 347,741	$ 35,164
Total notes payable	382,739	-	(34,998)	347,741	35,164
Net Pension liability	9,900	7,326	-	17,226	-
Net OPEB liability	1,761	25	-	1,786	-
Compensated absence	-	-	-	-	-
Total	$ 394,400	$ 7,351	$ (34,998)	$ 366,753	$ 35,164

T. SUNNYVALE 4A DEVELOPMENT CORPORATION (continued)

5. Long-term Obligations (continued)

Debt service requirements are as follows:

Year ending 30-Sep	Payment
2020	35,164
2021	36,238
2022	37,254
2023	37,356
2024	38,366
2025 - 2028	163,363
	$ 347,741

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. Also, 4A employees were provided the same pension benefits through TMRS as the Town employees. See Note K for detailed disclosures of the pension plan and net pension liability.

6. Compensated Absences

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. The detail of 4A's liability for compensated absences as of September 30, 2019 is as follows:

	Amounts Outstanding September 30, 2018	Issued	Retired	Amounts Outstanding September 30, 2019	Due Within One Year
Compensated absences	$ -	$ -	$ -	$ -	$ -

7. Net Pension Liability

4A employees were provided the same pension benefits through the TMRS as the Town employees. See Note K for detailed disclosures of the pension plan and net pension liability.

	Amounts Outstanding September 30, 2018	Issued	Retired	Amounts Outstanding September 30, 2019	Due Within One Year
Net Pension liability	$ 9,900	$ 7,326	$	$ 17,226	$
Net OPEB Liability	1,761	25		1,786	
	$ 11,661	$ 7,351	$ -	$ 19,012	$ -

T. SUNNYVALE 4A DEVELOPMENT CORPORATION - Continued

8. Subsequent Events

4A has evaluated all events and transactions that occurred after September 30, 2019 up through March 23, 2020, the date the financial statements were available to be issued. In October, 2019, the Corporation paid $205,916 for Aston Road repair. In the Nov. 5, 2019 election voters approved the termination of the 4A Development Corporation and its associated sales tax; and the adoption of a local sales and use tax in the Town of Sunnyvale at a rate of one and one-half (1.5) percent. This would result in no net change in the total sales tax rate.

U. SUNNYVALE 4B DEVELOPMENT CORPORATION

The 4B Development Corporation ("4B") is financed with a voter approved one half of one percent sales tax to promote and retain business development within the Town through enhancements and expansions of the local economy. Under a contract between 4B and the Town, the Town provides financial services for 4B.

1. Stewardship, Compliance and Contractual Provisions

a. Finance-related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance- related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violation	Action Taken
None	N/A

b. Deficit Fund Balance of Fund Net Position of Individual Funds

Following are funds having deficit fund balances or deficit fund net position at fiscal year-end, if any along with remarks which address such deficits:

Violation	Action Taken
None	N/A

U. SUNNYVALE 4B DEVELOPMENT CORPORATION - Continued

2. Deposits and Investments

Cash Deposits

At September 30, 2019, the carrying amount of the 4B Development Corporation's ("4B") deposits (cash, certificates of deposit and interest-bearing savings accounts included in temporary investments) was $3,041,978 and the bank balance was $3,043,617. 4B's cash deposits at September 30, 2019 and during the year ended September 30, 2019 were entirely covered by FDIC and pledged collateral held by 4B's agent bank in 4B's name.

Cash and investments as of September 30, 2019 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
4B Development Corporation	
Cash and cash equivalents	$ 3,041,978

Investments

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the 4B adhered to the requirements of the Act.

3. Receivables

Accounts receivable at the end of the fiscal year is due from the Town in the amount of $148,935 for collection of sales tax revenues. No allowance for uncollectible is calculated since there is minimal chance that the entire amount will not be collected.

4. Compensated Absences

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. The detail of 4B's liability for compensated absences as of September 30, 2019 is as follows:

U. SUNNYVALE 4B DEVELOPMENT CORPORATION - Continued

4. Compensated Absences - Continued

	Amounts Outstanding September 30, 2018	Issued	Retired	Amounts Outstanding September 30, 2019	Due Within One Year
Compensated absences	$ 3,971	$ -	$ -	$ 3,971	$ -

5. Net Pension Liability

4A employees were provided the same pension benefits through the TMRS as the Town employees. See Note K for detailed disclosures of the pension plan and net pension liability.

	Amounts Outstanding September 30, 2018	Issued	Retired	Amounts Outstanding September 30, 2019	Due Within One Year
Net Pension liability	$ 9,900	$ 7,326	$	$ 17,226	$
OPEB Liability	1,761	25		1,786	
	$ 11,661	$ 7,351	$ -	$ 19,012	$ -

6. Subsequent Events

4B has evaluated all events and transactions that occurred after September 30, 2019 up through March 23, 2020, the date the financial statements were available to be issued. In October 2019, a Hope Development incentive was paid in the amount of $93,750. In February 2020, the Town Council approved the purchase or an unused rail spur under the project title – Rails to Trails from 4Bfunds in the amount of $495,000,

REQUIRED SUPPLEMENTARY INFORMATION

Town of Sunnyvale
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property taxes	$ 4,174,775	4,174,775	$ 4,174,009	$ (766)
Franchise taxes	1,080,000	1,080,000	1,089,316	9,316
Sales Tax	1,942,217	1,942,217	1,871,591	(70,626)
Fines and forefeitures	443,300	443,300	405,755	(37,545)
Licenses and Permits	351,900	351,900	560,751	208,851
Charge for Services	100,000	100,000	135,958	35,958
Investment Income	20,000	20,000	21,640	1,640
Intergovernmental-state and local	6,891	6,891	19,966	13,075
Miscellaneous	82,500	82,500	82,082	(418)
Total revenues	8,201,583	8,201,583	8,361,068	159,485
Expenditures:				
General Government	1,651,339	1,651,339	1,621,591	29,748
Capital Outlay	28,200	28,200	219,420	(191,220)
Total General Government	1,679,539	1,679,539	1,841,011	(161,472)
Public Safety				
Police	2,694,919	2,694,919	2,686,714	8,205
Fire	1,382,830	1,382,830	1,062,852	319,978
Capital Outlay	64,000	64,000	64,000	-
Total Public safety	4,141,749	4,141,749	3,813,566	328,183
Public Services and Operations				
Public Services and Operations	766,186	766,186	732,935	33,251
Total Public Services	766,186	766,186	732,935	33,251
Public Works				
Public Works	736,780	736,780	646,769	90,011
Capital Outlay	-	-	-	-
Total Public Works	736,780	736,780	646,769	90,011
Parks and recreation				
Parks	678,215	678,215	620,870	57,345
Capital Outlay	-	-	-	-
Total Parks and Recreation	678,215	678,215	620,870	57,345
Library				
Library	209,326	209,326	203,300	6,026
Capital Outlay	3,300	3,300	3,290	10
Total Library	212,626	212,626	206,590	6,036
Total expenditures	8,215,095	8,215,095	7,861,741	353,354
Excess (deficiency) of revenues over (under) expenditures	(13,512)	(13,512)	499,327	512,839
Other Revenue and financing sources (uses):				
Transfers	(74,767)	(74,767)	200,233	275,000
Total other financing sources (uses)	(74,767)	(74,767)	200,233	275,000
Net change in fund balances	(88,279)	(88,279)	699,560	787,839
Fund balances/Equity, beginning of the year	5,823,564	5,823,564	5,823,564	-
Fund balances/Equity, End of the year	$ 5,735,285	$ 5,735,285	$ 6,523,124	$ 787,839

Town of Sunnyvale
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUE				
Property taxes	$ 887,454	$ 887,454	$ 895,541	$ 8,087
Investment Income	2,200	2,200	3,614	1,414
Intergovernmental- state & local				-
Total Revenues	889,654	889,654	899,155	9,501
EXPENDITURES				
Current:				
Debt Service				
Principal	555,000	555,000	420,000	(135,000.00)
Interest	298,238	298,238	176,184	122,054
Total Current Expenditures	853,238	853,238	596,184	(12,946)
Total Expenditures	853,238	853,238	596,184	(12,946)
Excess (deficiency) of revenues over (under) expenditures	36,416	36,416	302,971	(3,445)
Other Revenues and Financing sources (uses)				
Bond Proceeds	-	-	3,500,000	3,500,000
Transfers	31,371	31,371	(3,722,550)	(3,753,921)
Total Other Financing Sources (uses)	31,371	31,371	(222,550)	(253,921)
Net Change in Fund Balances	67,787	67,787	80,421	12,634
Fund Balances/Equity, Beginning of year	248,129	248,129	248,129	-
Fund Balances/Equity, End of year	$ 315,916	$ 315,916	$ 328,550	$ 12,634

Town of Sunnyvale
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUE				
Intergovernmental-state & local	$ -	$ -	$ 884,879	$ 884,879
Investment Income	-	-	100,950	100,950
Total Revenues	-	-	985,829	985,829
EXPENDITURES				
Public works - capital outlay	-	-	2,294,450	(2,294,450)
Total General Government	-	-	2,294,450	(2,294,450)
Total Expenditures	-	-	2,294,450	(2,294,450)
Excess (deficiency) of revenues over (under) expenditures	-	-	(1,308,621)	(1,308,621)
Other Revenues and Financing sources (uses)				
Bond Proceeds	-	-	-	-
Transfers	-	-	3,500,000	3,500,000
Total Other Financing Sources (uses)	-	-	3,500,000	3,500,000
Net Change in Fund Balances	-	-	2,191,379	2,191,379
Fund Balances/Equity, Beginning of year	4,355,899	4,355,899	4,355,899	-
Fund Balances/Equity, End of year	$ 4,355,899	$ 4,355,899	$ 6,547,278	$ 2,191,379

Town of Sunnyvale
SPECIAL REVEUNE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUE				
Impact fees	$ 24,500	$ 24,500	$ 29,522	$ 5,022
Miscellaneous	-	-	9,018	9,018
Total Revenues	24,500	24,500	38,540	14,040
EXPENDITURES				
Current:				
Public Services and Operations	15,000	15,000	34,627	(19,627)
Total Expenditures	15,000	15,000	34,627	(19,627)
Excess (deficiency) of revenues over (under) expenditures	9,500	9,500	3,913	(5,587)
Net change in Fund Balances	9,500	9,500	3,913	(5,587)
Fund Balances/Equity, Beginning of year	193,524	193,524	193,524	-
Fund Balances/Equity, End of year	$ 203,024	$ 203,024	$ 197,437	$ (5,587)

Town of Sunnyvale
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Total Pension Liability					
Service cost	$ 357,726	$ 321,161	$ 295,043	$ 258,084	$ 201,393
Interest (on the Total Pension Liability)	385,554	351,770	322,942	306,981	305,697
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(63,739)	15,749	(15,243)	(17,673)	(288,939)
Change of assumptions	-	-	-	28,957	-
Benefits payments, including refunds of employee contributions	(218,505)	(194,424)	(183,001)	(208,896)	(247,410)
Net Change in Total Pension Liability	461,036	494,256	419,741	367,453	(29,259)
Total Pension Liability - Beginning	5,642,296	5,148,040	4,728,299	4,360,846	4,390,105
Total Pension Liability - Ending	$ 6,103,332	$ 5,642,296	$ 5,148,040	$ 4,728,299	$ 4,360,846
Plan Fiduciary Net Position					
Contributions - employer	$ 274,303	$ 244,031	$ 231,142	$ 213,509	$ 186,424
Contributions - employee	138,653	122,425	113,770	100,162	84,419
Net investment income	(152,102)	597,290	262,691	5,581	203,553
Benefit payments, including refunds of employee contributions	(218,505)	(194,424)	(183,001)	(208,896)	(247,410)
Administrative expense	(2,939)	(3,096)	(2,969)	(3,400)	(2,125)
Other	(153)	(157)	(160)	(168)	(175)
Net Change in Plan Fiduciary Net Position	39,257	766,069	421,473	106,788	224,686
Plan Fiduciary Net Position - Beginning	5,076,901	4,310,832	3,889,359	3,782,571	3,557,885
Plan Fiduciary Net Position - Ending	$ 5,116,158	$ 5,076,901	$ 4,310,832	$ 3,889,359	$ 3,782,571
Net Pension Liability - Ending	$ 987,174	$ 565,395	$ 837,208	$ 838,940	$ 578,275
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.83%	89.98%	83.74%	82.26%	86.74%
Covered Employee Payroll	$ 2,310,891	$ 2,040,414	$ 1,896,161	$ 1,669,364	$ 1,406,983
Net Pension Liability as a Percentage of Total Pension Liability	42.72%	27.71%	44.15%	50.26%	41.10%

Town of Sunnyvale
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
SCHEDULE OF CONTRIBUTIONS (UNAUDITED)
LAST SIX FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

Plan Year	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Actuarially Determined Contribution	$ 283,311	$ 242,197	$ 226,781	$ 206,166	$ 188,817	$ 173,488
Contributions in relation to the actuarially determined contribution	283,311	242,197	226,781	206,166	188,817	173,488
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ $2,310,891	$ $2,040,414	$ $1,896,161	$ $1,669,364	$ $1,406,983	$ $1,340,708
Contributions as a percentage of covered employee payroll	12.26%	11.87%	11.96%	12.35%	13.42%	12.94%

Notes to Schedule of Contributions

Valuation Date:	
Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information

Notes	There were no benefit changes during the year.

Note: Years will continue to be added untill there are 10 years of comparison

Town of Sunnyvale
REQUIRED SUPPLEMENTARY INFORMATION OPEB
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
SCHEDULE OF CHANGES IN OPEB LIABILITY (ASSET) AND RELATED RATIOS
LAST TWO FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

Measurement Year	2018	2017
Total OPEB Liability - beginning of year	$ 88,056	$ 72,217
Changes for the year		
Service Cost	9,012	7,141
Interest on Total OPEB Liability	3,049	2,849
Changes of benefit terms	-	-
Differences between expected and actual experience	(3,663)	-
Changes in assumptions or other inputs	(6,033)	6,665
Benefit payments **	(924)	(816)
Net Changes	1,441	15,839
Total OPEB Liability - end of year	$ 89,497	$ 88,056
Covered Payroll	$ 2,310,891	$ 2,040,414
Total OPEB Liability as a percentage of covered payroll	3.87%	4.32%

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan know as the Supplemental Death Benefits Fund (SDBF). The SDBF covers both active and retiree benefits with no segreegation of assets, and therefore doesn't meet the definition of a trust under GASB Statement 75 (i.e., no assets are accumulated for OPEB to pay retirement benefits) and as usch the SC+DBF is considered an unfunded OPEB plan.

Changes in assumptions and other inputs reflect the effect of changes in the discount rate each period. The following are the discount rates used each period.

2017	3.78%
2018	3.31%

** Due to the SDBF being condidered and unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

SUPPLEMENTARY INFORMATION

Roadway Impact Fund

Impact Fees are charges or assessments paid by new development in order to generate revenue for capital improvements in response to the developments' impact on services. The revenues presented are based on the expectation of 100 permit requests for the budget year.

Homestead Amenities Fund

The Homestead Amenities Fund was established in 2007 under Ordinance 464 to provide contributions in lieu of amenity construction. Currently the fund is being considered as a source of funds for the Collins Road expansion from Highway 80 to Town East Blvd and the future construction of a new fire station.

Special Revenue Funds

Revenues that are collected but are restricted and can only be spent under specific guidelines. For these funds, a fund description and fund statement are provided.

- American Heart Association
- Tree Mitigation
- Lone Star Libraries Grant Program
- Court Technology
- Court Security

Capital Projects Funds

The Capital Projects Funds account for the design and construction of the Town's facilities, roads, drainage, parks, and water and sewer systems. Unlike the operating and enterprise budgets, the capital improvements budgets do not conclude at the end of each fiscal year, as many CIP projects remain in progress over several accounting periods. The Town utilizes professional service providers to conduct detailed studies to assist in determining the short- and long-range infrastructure needs. The Town's non-major Capital Project Funds are:

- PEG Capital – to account for Public Education Grant (PEG) fees are charged to communication providers and capital costs associated with PEG facilities, as permitted by law.
- Capital Projects – to account for improvements to the Town's owned infrastructure.

TOWN OF SUNNYVALE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Roadway Impact	Homestead Amenities	Special Revenue	PEG Capital	Total Other Governmental Funds
ASSETS					
Cash and Investments:					
Unrestricted	$ -	$ -	$ -	$ -	$ -
Restricted	1,846,753	334,995	-	69,062	2,250,810
Receivables (net of allowances for uncollectible)	-	-	-	-	-
Due from other funds	-	-	197,437	-	197,437
Total Assets	1,846,753	334,995	197,437	69,062	2,448,247
LIABILITIES					
Due to other funds	-	-	-	-	-
Total Liabilities	-	-	-	-	-
FUND BALANCES					
Restricted:					
Community services	-	-	-	69,062	69,062
Municipal court	-	-	197,437	-	197,437
Street Maintenance	1,846,753	334,995	-	-	2,181,748
Unassigned	-	-	-	-	-
Total Fund Balances	$ 1,846,753	$ 334,995	$ 197,437	$ 69,062	$ 2,448,247
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,846,753	$ 334,995	$ 197,437	$ 69,062	$ 2,448,247

TOWN OF SUNNYVALE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Roadway Impact	Homestead Amenities	Special Revenue	PEG Capital	Total Other Governmental Funds
REVENUE					
Impact fees	$ 636,340	$ -	$ 29,522	$ -	$ 665,862
Grant income			9,018		9,018
Investment income	11,819	2,516	-	519	14,854
Total Revenues	648,159	2,516	38,540	519	689,734
EXPENDITURES					
Current:					
Public services and operations	-	-	34,627	-	34,627
Total Expenditures	-	-	34,627	-	34,627
Excess (deficiency) of revenues over (under) expenditures	648,159	2,516	3,913	519	655,107
Other Revenues and Financing sources (uses)					
Transfers in (Out)	-	-	-	-	-
Total other Financing sources (uses)	-	-	-	-	-
Net change in Fund Balances	648,159	2,516	3,913	519	655,107
Fund Balances/Equity, Beginning of year	1,198,594	332,479	193,524	68,543	1,793,140
Fund Balances/Equity, End of year	$ 1,846,753	$ 334,995	$ 197,437	$ 69,062	$ 2,448,247

TOWN OF SUNNYVALE
COMBINING BALANCE SHEET - COMPONENT UNITS
September 30, 2019

EXHIBIT C-3

	Sunnyvale 4A Development Corporation	Sunnyvale 4B Development Corporation	Total Component Units
ASSETS			
Cash and cash equivalents	$ 2,621,432	$ 3,041,978	$ 5,663,410
Receivables (net of allowances for uncollectible)	148,726	148,935	297,661
Restricted- cash and cash equivalents	-	-	-
Total Assets	2,770,158	3,190,913	5,961,071
LIABILITIES			
Accounts Payable	2,392	51,339	53,731
Total Liabilities	2,392	51,339	53,731
FUND BALANCE			
Assigned for			
Infrastructure improvements	-	-	-
Unassigned	2,767,766	3,139,574	5,907,340
Total Fund Balances	$ 2,767,766	$ 3,139,574	$ 5,907,340
Total Liabilities and Fund Balance	$ 2,770,158	$ 3,190,913	$ 5,961,071

TOWN OF SUNNYVALE
RECONCILIATION OF THE COMBINING BALANCE SHEET - COMPONENT UNITS
TO THE STATEMENT OF NET POSITION
September 30, 2019

EXHIBIT C-4

Total fund balance- component units	$ 5,907,340
Amounts reported for governmental activities in the statement of net position are different because:	
Notes payable are not due and payable in the current period, and; therefore, are not reported in the funds	(347,741)
Net pension liability and net OPEB liability is not due and payable in the current period, and, therefore is not reported in the fund financial statements	(38,024)
Deferred inflow/outflow represent an acquisition of net position that is applied to future periods. The amount is unavailable and deferred at the fund level but recognized in the governmental activities	16,146
Compensated absences recorded as governmental liabilities in prior years were transferred to component unit in the current year. Compensated absences are not due and payable in the current period and therefore, are not reported in the funds.	(3,971)
Net position of component units- statement of net position	$ 5,533,750

TOWN OF SUNNYVALE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - COMPONENT UNITS
September 30, 2019

EXHIBIT C-5

	Sunnyvale 4A Development Corporation	Sunnyvale 4B Development Corporation	Total Component Units
REVENUE			
Sales tax collected	$ 609,970	$ 827,187	$ 1,437,157
Total Revenues	609,970	827,187	1,437,157
EXPENDITURES			
Current operating:			
Personnel services	62,490	60,430	122,920
Supplies and materials	6,177	1,529	7,706
Contractual services	25,229	45,181	70,410
Incentives	103,750	103,750	207,500
Maintenance and repairs	-	104,417	104,417
Debt Service			
Principal Retirement	34,998		34,998
Capital Outlay	-	8,300	8,300
Total Expenditures	232,644	323,607	556,251
Excess (deficiency) of revenues over (under) expenditures	377,326	503,580	880,906
Other Revenues and Financing sources (uses)			
Transfers	42,767	(218,000)	(175,233)
Investment income	17,215	9,638	26,853
Total Other Financing Sources (uses)	59,982	(208,362)	(148,380)
Net Change in Fund Balances	437,308	295,218	732,526
Fund Balances/Equity, October 1	2,330,458	2,844,356	5,174,814
Fund Balances/Equity, September 30	$ 2,767,766	$ 3,139,574	$ 5,907,340

TOWN OF SUNNYVALE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF COMPONENT UNITS
TO THE STATEMENT OF ACTIVITIES
September 30, 2019

EXHIBIT C-6

Net change in fund balances - component units	$	732,526
Amounts reported for governmental activities in the statement of activities are different because:		
Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as a reduction in long-term debt in the government-wide financial statements.		34,998
Expenses in the statement of revenues, expenditures and change in fund balances that are not recognized as expenses in the statement of activities		(18,240)
Changes in net position and OPEB liabilities and deferred outflows and inflows are not shown in the fund financial statements.		(1,106)
Change in net position of component unites- statement of activities	$	748,178

Town of Sunnyvale
4A DEVELOPMENT CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUE				
Sales tax collected	$ 646,875	$ 646,875	$ 609,970	$ (36,905)
Contributions	54,767	54,767	-	(54,767)
Total Revenues	701,642	701,642	609,970	(91,672)
EXPENDITURES				
Current operating:				
Personnel services	70,417	70,417	62,490	7,927
Supplies and materials	3,500	3,500	6,177	(2,677)
Contractual services	50,985	50,985	25,229	25,756
Intergovernmental	12,000	12,000	-	12,000
Incentives	500,000	501,000	103,750	397,250
Debt Service:				
Principal retirement	34,998	34,998	34,998	-
Capital Outlay	110,000	110,000	-	110,000
Total Expenditures	781,900	782,900	232,644	550,256
Excess (deficiency) of revenues over (under) expenditures	(80,258)	(81,258)	377,326	458,584
Other Revenues and Financing sources (uses)				
Transfers	-	-	42,767	42,767
Interest Income	17,000	17,000	17,215	215
Total Other Financing Sources (uses)	17,000	17,000	59,982	42,982
Net Change in Fund Balances	(63,258)	(64,258)	437,308	501,566
Fund Balances/Equity, Beginning of year	2,330,458	2,330,458	2,330,458	-
Fund Balances/Equity, End of year	$ 2,267,200	$ 2,266,200	$ 2,767,766	$ 501,566

Town of Sunnyvale
4B DEVELOPMENT CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUE				
Sales tax collected	$ 862,500	$ 862,500	$ 827,187	$ (35,313)
Contributions				-
Total Revenues	862,500	862,500	827,187	(35,313)
EXPENDITURES				
Current operating:				
Personnel services	75,917	75,917	60,430	15,487
Supplies and materials	500	500	1,529	(1,029)
Contractual services	72,500	72,500	45,181	27,319
Maintenance and repairs	225,000	225,000	104,417	120,583
Intergovernmental	218,000	218,000	-	218,000
Incentives	500,000	500,000	103,750	396,250
Capital outlay	550,000	550,000	8,300	541,700
Total Expenditures	1,641,917	1,641,917	323,607	1,318,310
Excess (deficiency) of revenues over (under) expenditures	(779,417)	(779,417)	503,580	(1,353,623)
Other Revenues and Financing sources (uses)				
Transfers	-	-	(218,000)	(218,000)
Interest Income	9,800	9,800	9,638	(162)
Total Other Financing Sources (uses)	9,800	9,800	(208,362)	(218,162)
Net Change in Fund Balances	(769,617)	(769,617)	295,218	(1,571,785)
Fund Balances/Equity, Beginning of year	2,848,496	2,848,496	2,844,356	(4,140)
Fund Balances/Equity, End of year	$ 2,078,879	$ 2,078,879	$ 3,139,574	$ (1,575,925)

FOX, BYRD & COMPANY, P.C.
Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Town Council
Town of Sunnyvale
127 North Collins Road
Sunnyvale, Texas 75182

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business- type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Sunnyvale, Texas' basic financial statements, and have issued our report thereon dated March 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the governmental activities, the business- type activities, each major fund, and the aggregate remaining fund information for the Town of Sunnyvale, Texas as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United State of America, we considered the Town of Sunnyvale's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Sunnyvale's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Sunnyvale's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sunnyvale, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fox, Byrd & Company, P.C.

Dallas, Texas
March 23, 2020

STATISTICAL SECTION (UNAUDITED)

TOWN OF SUNNYVALE, TX
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

Table 1

	FISCAL YEAR				
	2010	2011	2012	2013	2014
Governmentat activities					
Net investment in capital assets	$ 3,748,238	$ 4,496,865	$ 4,805,132	$ 4,956,375	$ 5,533,170
Restricted	3,562,718	4,255,040	1,546,831	1,851,519	1,237,407
Unrestricted	2,283,507	2,550,808	2,645,673	2,332,178	5,072,122
Total governmental activities net position	9,594,463	11,302,713	8,997,636	9,140,072	11,842,699
Business-type activities					
Net investment in capital assets	8,101,933	7,741,287	12,482,792	8,412,549	8,638,647
Restricted	1,271,531	1,065,607	1,072,987	1,098,608	1,793,193
Unrestricted	168,312	1,035,517	(3,287,776)	1,359,897	1,090,014
Total business-type activities net position	9,541,776	9,842,411	10,268,003	10,871,054	11,521,854
Primary government					
Net investment in capital assets	11,850,171	12,238,152	17,287,924	13,368,924	14,171,817
Restricted	4,834,249	5,320,647	2,619,818	2,950,127	3,030,600
Unrestricted	2,451,819	3,586,325	(642,103)	3,692,075	6,162,136
Total primary government net position	$ 19,136,239	$ 21,145,124	$ 19,265,639	$ 20,011,126	$ 23,364,553

	FISCAL YEAR				
	2015	2016	2017	2018	2019
Governmentat activities					
Net investment in capital assets	$ 9,192,257	$ 10,259,140	$ 11,019,317	$ 13,645,563	$ 15,552,052
Restricted	1,480,724	1,879,936	2,109,210	2,142,961	2,776,797
Unrestricted	5,063,645	5,125,907	4,924,743	5,496,564	5,333,169
Total governmental activities net position	15,736,626	17,264,983	18,053,270	21,285,088	23,662,018
Business-type activities					
Net investment in capital assets	14,404,813	14,409,109	17,832,746	24,413,662	24,054,875
Restricted	1,744,554	2,714,408	2,023,749	2,152,935	2,005,109
Unrestricted	520,468	1,048,812	1,639,134	2,610,035	3,817,204
Total business-type activities net position	16,669,835	18,172,329	21,495,629	29,176,632	29,877,188
Primary government					
Net investment in capital assets	23,597,070	24,668,249	28,852,063	38,059,225	39,606,927
Restricted	3,225,278	4,594,344	4,132,959	4,295,896	4,781,906
Unrestricted	5,584,113	6,174,719	6,563,877	8,106,599	9,150,373
Total primary government net position	$ 32,406,461	$ 35,437,312	$ 39,548,899	$ 50,461,720	$ 53,539,206

TOWN OF SUNNYVALE, TX
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

Table 2

	FISCAL YEAR							FISCAL YEAR		
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXPENSES										
Governmental activities:										
General government	$ 1,436,272	$ 1,594,165	$ 1,626,724	$ 1,458,993	$ 1,043,470	$ 1,052,425	$ 1,248,277	$ 1,639,530	$ 1,597,658	$ 2,395,053
Public Safety	1,920,850	1,967,396	1,954,257	1,900,606	1,906,497	2,367,607	2,602,749	2,723,379	3,701,545	3,523,702
Public Services and Operations	1,348,711	1,399,123	1,048,309	1,979,301	821,386	816,091	2,092,844	1,783,654	1,910,903	767,562
Public Works	-	-	-	-	394,480	595,851	277,284	271,115	306,163	928,570
Parks and Recreation	935,833	460,552	510,051	305,228	428,745	509,635	471,979	573,556	617,800	709,313
Library	-	-	-	-	142,695	142,545	191,508	180,518	203,464	203,300
Interest on long-termdebt	225,028	213,247	203,199	228,506	88,808	103,540	97,819	125,638	245,412	176,184
Total governmental activities expenses	5,866,694	5,634,483	5,342,540	5,872,634	4,826,081	5,587,694	6,982,460	7,297,390	8,582,945	8,703,684
Business-type activities										
Utilities	2,562,480	2,873,770	2,979,588	2,946,655	3,374,140	3,663,328	4,257,032	4,361,206	5,074,148	5,409,232
Total business-type activities expenses	2,562,480	2,873,770	2,979,588	2,946,655	3,374,140	3,663,328	4,257,032	4,361,206	5,074,148	5,409,232
Total primary government expnese	8,429,174	8,508,253	8,322,128	8,819,289	8,200,221	9,251,022	11,239,492	11,658,596	13,657,093	14,112,916
PROGRAM REVENUES										
Governmental activities:										
Charge for services:										
General government	126,133	132,788	247,301	109,181	418,776	105,332	240,305	211,624	396,095	1,226,613
Public Safety	522,244	556,500	580,392	448,154	778,203	109,281	230,557	362,077	152,621	541,713
Public Services and Operations	28,310	39,689	61,626	25,581	-	296,036	499,121	489,160	544,563	-
Public Works	-	-	-	-	-	101,283	221,217	282,465	389,576	-
Parks and Cultural	-	-	-	-	3,135	4,197	6,244	6,616	11,393	-
Operating grants and contributions	194,441	208,401	14,678	202,144	507,878	118,384	113,123	12,175	67,108	913,863
Capital grants and contributions	416,512	264,336	45,733	230,901	-	1,524,366	566,140	208,272	3,164,377	-
Total governmental activities program revenues	1,287,640	1,201,714	949,730	1,015,961	1,707,992	2,258,879	1,876,707	1,572,389	4,725,733	2,682,189
Business-type activities::										
Charge for services:										
Utilities	3,010,925	3,402,567	3,310,713	3,330,492	3,825,951	4,249,639	4,808,138	4,707,371	5,729,121	5,884,310
Capital grants and contributions	-	-	-	15,000	-	2,239,086	883,070	2,355,760	6,375,710	-
Total business-type activities program revenues	3,010,925	3,402,567	3,310,713	3,345,492	3,825,951	6,488,725	5,691,208	7,063,131	12,104,831	5,884,310
Total primary government program revenues	4,298,565	4,604,281	4,260,443	4,361,453	5,533,943	8,747,604	7,567,915	8,635,520	16,830,564	8,566,499
NET (EXPENSE) REVENUE										
Governmental activities	(4,579,054)	(4,432,769)	(4,392,810)	(4,856,673)	(3,118,089)	(3,328,815)	(5,105,753)	(5,725,001)	(3,857,212)	(6,021,495)
Business-type activities	448,445	528,797	331,125	398,837	451,811	2,825,397	1,434,176	2,701,925	7,030,683	475,078
Total primary government program net expenses	$ (4,130,609)	$ (3,903,972)	$ (4,061,685)	$ (4,457,836)	$ (2,666,278)	$ (503,418)	$ (3,671,577)	$ (3,023,076)	$ 3,173,471	$ (5,546,417)

(continued)

TOWN OF SUNNYVALE, TX
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

Table 2
(continued)

	FISCAL YEAR							FISCAL YEAR		
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property tax	$ 2,885,750	$ 2,906,223	$ 3,017,460	$ 3,061,437	$ 3,309,754	$ 3,314,131	$ 3,774,207	$ 4,272,558	$ 4,499,897	$ 5,069,547
Sales tax	1,330,813	1,665,837	2,007,188	1,172,287	1,130,663	1,376,840	1,751,597	1,604,731	2,043,801	1,871,591
Franchise tax	814,312	914,799	903,025	940,189	986,539	1,205,928	1,158,235	1,105,973	1,081,674	1,089,316
Alcoholic Beverage tax	1,437	-	-	-	-	-	-	-	-	-
Investment income	19,882	17,623	11,262	3,167	1,343	1,085	5,845	26,551	5,130	141,058
Miscellaneous	49,428	349,539	12,583	20,229	12,870	51,245	3,218	107,570	150,411	82,082
Transfers	25,000	286,923	(214,788)	(198,200)	(196,611)	(98,276)	(58,992)	(604,095)	(636,276)	(22,317)
Total governmental activities	5,126,622	6,140,944	5,736,730	4,999,109	5,244,558	5,850,953	6,634,110	6,513,288	7,144,637	8,231,277
Business-type activities:										
Investment income	11,689	18,123	4,923	6,014	2,381	3,112	9,326	17,280	27,765	27,928
Transfers	(25,000)	(286,923)	214,788	198,200	196,611	98,276	58,992	604,095	636,276	197,550
Total business-type activities	(13,311)	(268,800)	219,711	204,214	198,992	101,388	68,318	621,375	664,041	225,478
Total primary government	5,113,311	5,872,144	5,956,441	5,203,323	5,443,550	5,952,341	6,702,428	7,134,663	7,808,678	8,456,755
CHANGE IN NET POSTION										
Governmental activities	547,568	1,708,175	1,343,920	142,436	2,126,469	2,522,138	1,528,357	788,287	3,287,425	2,209,782
Business-type activities	435,134	259,997	550,836	603,051	650,803	2,926,785	1,502,494	3,323,300	7,694,724	700,556
Total primary government	$ 982,702	$ 1,968,172	$ 1,894,756	$ 745,487	$ 2,777,272	$ 5,448,923	$ 3,030,851	$ 4,111,587	$ 10,982,149	$ 2,910,338

TOWN OF SUNNYVALE, TX **Table 3**
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2010	$ 2,885,750	$ 665,407	$ 814,312	$ 1,437	$ 4,366,906
2011	2,906,223	832,915	914,799	-	4,653,937
2012	3,017,460	1,003,594	903,025	-	4,924,079
2013	3,061,437	1,172,287	940,189	-	5,173,913
2014	3,309,754	1,130,663	986,539	-	5,426,956
2015	3,314,131	1,376,840	1,205,928	-	5,896,899
2016	3,774,207	1,751,597	1,158,235	-	6,684,039
2017	4,272,558	1,604,731	1,105,973	-	6,983,262
2018	4,499,897	2,046,801	1,081,674	-	7,628,372
2019	5,069,547	1,871,591	1,089,316	-	8,030,454

TOWN OF SUNNYVALE, TX **Table 4**
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	FISCAL YEAR				
	2010	2011	2012	2013	2014
General Fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	25,000	25,000	25,000	25,000	-
Assigned	-	298,759	171,824	163,548	389,608
Unassigned	1,592,652	1,748,156	2,521,642	3,064,242	4,095,036
Total General Fund	1,617,652	2,071,915	2,718,466	3,252,790	4,484,644
All Other Governmental Funds					
Restricted for:					
General Use	-	-	8,456	-	-
Court Use	-	34,192	41,689	109,568	150,346
Capital Improvements	-	1,474,783	1,524,500	1,540,879	-
Debt Service	78,509	72,645	90,463	158,605	208,243
Community Development	-	-	2,508,190	17,467	28,831
Street Maintenance	-	-	-	-	849,987
Assigned for:					
Police	-	4,061	67,494	-	-
Capital Improvements	5,106,889	4,011,877	1,787,461	-	871,685
Community Services	-	-	36,560	36,560	-
Unassigned	-	-	-	(4,027)	(3,200)
Total all other Governmental Funds	$ 5,185,398	$ 5,597,558	$ 6,064,813	$ 1,859,052	$ 2,105,892

	FISCAL YEAR				
	2015	2016	2017	2018	2019
General Fund					
Nonspendable	$ 40,603	$ 31,015	$ 20,685	$ 45,000	$ 35,000
Restricted	151,331	350,318	-	-	
Assigned	735,335	406,307	476,843	557,219	640,984
Unassigned	4,247,916	4,686,749	4,819,339	5,054,193	5,847,140
Total General Fund	5,175,185	5,474,389	5,316,867	5,656,412	6,523,124
All Other Governmental Funds					
Restricted for:					
General Use	-	-	-	-	-
Court Use	112,448	164,958	171,360	193,524	197,437
Capital Improvements	-	-	-	-	
Debt Service	231,611	207,146	175,013	248,126	328,550
Community Development	80,368	54,092	68,041	68,543	69,062
Street Maintenance	904,966	1,126,413	1,373,872	1,531,075	2,181,748
Assigned for:					
Police	-	-	-	-	-
Capital Improvements	895,936	898,616	5,194,458	4,355,897	6,547,278
Community Services	-	-	-	-	-
Unassigned	(3,200)	(3,200)	-	-	-
Total all other Governmental Funds	$ 2,222,129	$ 2,448,025	$ 6,982,744	$ 6,397,165	$ 9,324,075

TOWN OF SUNNYVALE, TX
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

Table 5

	FISCAL YEAR							FISCAL YEAR		
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Taxes										
Property taxes	$ 2,864,377	$ 2,814,655	$ 3,078,063	$ 3,153,354	$ 3,269,744	$ 3,400,741	$ 3,750,703	$ 4,248,741	$ 4,528,010	$ 5,069,550
Sales tax	1,330,813	1,665,838	2,007,188	1,172,287	1,130,663	1,376,840	1,751,597	1,604,731	2,043,801	1,871,591
Franchise tax	814,312	914,799	903,025	940,189	986,539	1,205,928	1,158,235	1,105,973	1,081,673	1,089,316
Alcoholic Beverage Tax	1,437	-	-	-	-	-	-	-	-	-
Licenses and Permits	116,133	132,788	247,301	109,181	334,239	163,582	357,698	497,981	512,303	560,751
Fines and forfeitures	462,136	508,964	531,767	397,035	616,098	299,291	503,179	495,435	548,289	405,755
Charge for Current Services	98,419	87,225	110,251	76,700	32,713	44,415	43,742	49,486	44,080	135,958
Impact fees	-	-	-	-	217,064	101,283	221,217	282,465	389,576	665,862
Grants	-	-	-	-	10,383	-	-	-	13,195	9,018
Donations	33,900	6,600	10,890	181,130	-	687	1,119	1,085	620	-
Investment income	19,882	17,623	11,262	3,167	1,343	1,085	3,218	26,551	117,697	141,058
Intergovernmental	519,693	466,474	67,234	36,774	492,973	195,389	170,162	266,290	84,730	904,845
Miscellaneous	49,428	353,518	12,583	20,229	12,870	51,245	5,844	106,195	5,130	82,082
Total Revenues	6,310,530	6,968,484	6,979,564	6,090,046	7,104,629	6,840,486	7,966,714	8,684,933	9,369,104	10,935,786
EXPENDITURES										
General government	1,577,806	1,749,208	1,554,890	1,365,401	949,165	930,884	1,068,827	1,705,243	1,423,454	1,621,591
Public Safety	1,871,816	1,991,589	1,918,488	1,922,274	1,821,954	2,259,340	2,452,774	2,364,482	3,574,902	3,749,566
Public Works	-	-	-	-	311,230	444,662	1,459,117	1,033,291	908,421	646,769
Parks and Recreational	-	-	-	-	358,761	438,869	390,696	370,788	602,178	620,870
Publice Services and Operations **	2,241,941	1,876,671	1,681,729	2,161,178	821,385	836,325	741,970	812,361	1,116,323	767,562
Library	-	-	-	-	142,695	146,395	193,428	179,388	197,395	203,300
Capital Outlay	-	-	-	-	541,695	1,095,256	425,501	772,040	210,724	2,581,160
Debt service										
Principal Retirement	275,764	265,000	295,000	4,805,000 *	380,000	450,000	634,097	660,170	681,804	420,000
Interest and other charges	222,201	210,757	200,863	173,120	102,439	103,540	97,819	193,033	245,412	176,184
Bond issuance costs	-	-	-	73,452	-	23,041	-	-	-	-
Total Expenditures	6,189,528	6,093,225	5,650,970	10,500,425	5,429,324	6,728,312	7,464,229	8,090,796	8,960,613	10,787,002
Excess (deficiency) of revenues over (under) expenditures	121,002	875,259	1,328,594	(4,410,379)	1,675,305	112,174	502,485	594,137	408,491	148,784
OTHER FINANCING SOURCES (USES)										
Transfers	173,320	121,188	149,520	25,000	(196,611)	(98,276)	(58,992)	(604,095)	(654,518)	(22,317)
Gain on sale of assets	-	-	-	-	-	7,880	81,607	26,573	-	-
Issuance of Tax Note	-	-	-	-	-	785,000	-	-	-	-
Issuance of Certificates of Obligation	-	-	-	4,549,032 *	-	-	-	4,360,581	-	3,500,000
Total other financing sources (uses)	173,320	121,188	149,520	4,574,032	(196,611)	694,604	22,615	3,783,059	(654,518)	3,477,683
NET CHANGE IN FUND BALANCES	$ 294,322	$ 996,447	$ 1,478,114	$ 163,653	$ 1,478,694	$ 806,778	$ 525,100	$ 4,377,196	$ (246,027)	$ 3,626,467
Debt service as a percentage of noncapital expenditures	8.05%	7.81%	8.77%	7.21%	9.87%	9.83%	10.40%	11.66%	10.60%	5.53%

* Refunding bond in fiscal year 2013.
** Public Services and Operations includes Community Development, Library, and Parks and Streets for years 2005-2013.

TOWN OF SUNNYVALE, TX **Table 6**
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended Sept. 30	Estimated Actual Value		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Taxable Assessed Value Inc / (Dec)
	Real Property	Personal Property				
2009	694,308,390	172,737,840	204,099,250	662,946,980	0.37796	13.75%
2010	745,473,070	207,664,100	235,483,988	717,653,182	0.40796	7.62%
2011	792,081,080	196,648,770	260,331,798	728,398,052	0.40796	1.48%
2012	802,789,310	208,338,430	242,170,205	768,957,535	0.40796	5.27%
2013	809,693,090	199,622,700	260,261,093	749,054,697	0.40796	-2.66%
2014	856,130,210	232,716,580	283,769,366	805,077,424	0.40796	6.96%
2015	888,189,540	218,121,640	274,631,565	831,679,615	0.40796	3.20%
2016	931,852,220	294,122,850	301,684,556	924,290,514	0.40796	10.02%
2017	1,032,922,190	303,227,460	364,392,341	971,757,309	0.40796	4.88%
2018	1,118,858,490	304,117,440	351,596,731	1,071,379,199	0.41309	9.30%
2019	1,227,127,840	310,753,650	396,894,926	1,225,860,828	0.41290	12.60%
					Avg	7.24%

Source: Town Administration Office.

Note: Property is reassessed annually. Property is assessed actual value; therefore, the assessed values are equal to actual value.
Tax rates are per $100 of assessed value.

Residential: includes single family, vacant lots, acreage, farm and ranch
Commercial: includes real property, industrial and utilities

TOWN OF SUNNYVALE, TX **Table 7**
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)
(unaudited)

	Town Direct Rates			Overlapping Rates *		
Fiscal Year Ended Sept. 30	Operating/ General Rate	General Obligation Debt Service	Total Direct	Sunnyvale Independent School District	Dallas County	Total Direct and Overlapping Rates
2009	0.3448	0.0332	0.3780	1.3700	0.2281	1.9761
2010	0.3536	0.0544	0.4080	1.3600	0.2281	1.9961
2011	0.3530	0.0550	0.4080	1.3510	0.2431	2.0021
2012	0.3230	0.0850	0.4080	1.4100	0.2431	2.0611
2013	0.3074	0.1006	0.4080	1.4100	0.2431	2.0611
2014	0.3177	0.0902	0.4080	1.4100	0.2431	2.0611
2015	0.3368	0.0712	0.4080	1.4100	0.2431	2.0611
2016	0.3392	0.0688	0.4080	1.4100	0.2431	2.0611
2017	0.3392	0.0688	0.4080	1.4100	0.2431	2.0611
2018	0.3485	0.0646	0.4131	1.5200	0.2431	2.1762
2019	0.3391	0.0738	0.4129	1.5200	0.2431	2.1760

Source: Town Administration Office and Dallas Central Appraisal District

*Overlapping rates are those of local and county governments that apply to property owners within the Town of Sunnyvale, Texas.

TOWN OF SUNNYVALE, TX
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(unaudited)

Table 8

	2019[1]			2010[2]		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
DAL TILE CORPORATION	$ 117,935,199	1	9.06%			
SABRA TEXAS PROPERTIES LP	28,000,000	2	2.15%			
LLH MRS MASTER RE LLC	26,272,300	3	2.02%			
HOMATEX LP	16,063,420	4	1.23%			
RKS SUNNYVALE LLC	11,016,060	5	0.85%			
301 CLAY RD LLC	10,311,580	6	0.79%			
ONCOR ELECTRIC DELIVERY	9,693,730	7	0.74%			
SAL 2016 LLC	9,500,000	8	0.73%			
ARHC SMSVLT01 LLC	8,500,000	9	0.65%			
PERFORMANCE PULSATION	7,684,020	10	0.59%			
CP SUNNYVALE PROPERTY LTD				$ 15,749,140	1	2.16%
HOMATEX LP				15,300,000	2	2.10%
AMERICAN MARAZZI TILE INC				12,409,368	3	1.70%
301 CLAY RD LLC				11,692,210	4	1.61%
MILLARD REFRIDGERATED SERVICES				9,441,334	5	1.30%
SUNNYVALE MOB PARTNERS LP				7,646,950	6	1.05%
FRY STREET LP				2,900,850	7	0.40%
DANIEL SUNNYVALE PROPERTIES LLC				2,851,580	8	0.39%
FC PROPERTIES ONE LTD				2,723,860	9	0.37%
RKS TEXAS INV LP				2,603,860	10	0.36%
Total	$ 244,976,309		18.82%	$ 83,319,152		11.44%
Total valuation of Town net of exempt property	$ 1,301,482,969			$ 728,398,052		

Source: [1] Dallas County Tax Office
[2] Municipal Advisory Council of Texas

TOWN OF SUNNYVALE, TX **Table 9**
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended	Total Tax Levy for	Collected within the Fiscal Year of the Levy		Collections in Subsequent	Total Collections to Date	
Sept. 30	Fiscal Year	Amount	% of Levy	Years	Amount	% of Levy
2009	2,495,391	2,409,050	96.54%	85,620	2,494,670	99.97%
2010	2,965,195	2,785,208	93.93%	179,028	2,964,235	99.97%
2011	2,972,083	2,764,037	93.00%	207,094	2,971,131	99.97%
2012	3,139,017	2,919,286	93.00%	217,457	3,136,743	99.9%
2013	3,089,815	2,977,346	96.36%	99,286	3,076,632	99.6%
2014	3,288,047	3,241,651	98.59%	34,127	3,275,778	99.6%
2015	3,392,837	3,335,116	98.30%	43,048	3,378,164	99.6%
2016	3,746,450	3,696,188	98.66%	31,947	3,728,135	99.5%
2017	3,903,070	3,874,714	99.27%	26,344	3,901,058	99.9%
2018	4,384,310	4,359,156	99.43%	25,896	4,385,052	100.0%
2019	5,006,961	4,965,023	99.16%	79,589	5,044,613	100.8%

Source: First Southwest Company, Dallas County Tax Office Year End Report, Texas Municipal Reports

TOWN OF SUNNYVALE, TX
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(unaudited)

Table 10

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligations	Tax Note	Capital Lease	Certificates of Obligation	General Obligations	Other Obligations			
2007	$ 1,985,000	$ -	$ -	$ 1,420,000	$ -	$ -	$ 3,405,000	*	841
2008	$ 5,800,000	$ -	$ -	$ 4,355,000	$ -	$ 192,100	$ 10,347,100	*	$ 2,406
2009	5,600,000	-	-	4,140,000	-	363,857	10,103,857	5.67%	2,196
2010	5,365,000	-	-	3,005,707	950,000	296,892	9,617,599	*	1,869
2011	5,100,000	-	-	2,937,036	3,845,000	219,163	12,101,199	*	2,259
2012	4,805,000	-	-	2,815,364	3,620,000	185,051	11,425,415	5.40%	2,080
2013	4,541,976	-	-	2,840,000	3,247,541	126,493	10,756,010	4.58%	1,903
2014	4,145,040	-	-	2,899,987	2,763,858	118,058	9,926,943	4.42%	1,757
2015	3,728,105	735,000	-	2,641,573	2,588,576	109,623	9,802,877	3.92%	1,700
2016	3,296,169	615,000	492,457	2,608,603	2,135,000	144,040	9,291,269	3.42%	1,537
2017	7,188,501	495,000	402,288	2,468,477	1,820,000	132,031	12,506,297	4.43%	2,083
2018	6,685,786	375,000	310,484	2,328,824	1,675,000	120,024	11,495,118	3.64%	1,771
2019	6,358,071	3,810,000	217,016	2,184,172	1,530,000	108,018	14,207,277	4.81%	2,124

Note 1: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
(1) See Table 15 for personal income and population data.

TOWN OF SUNNYVALE, TX **Table 11**
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	General Obligations	Less: Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2000	5800	$ 250,715,359	$ 3,600,000	$ 475,774	539
2005	$ 2,255,000	$ 17,296	$ 2,237,704	0.41%	614
2006	$ 2,125,000	$ 67,157	$ 2,057,843	0.46%	520
2007	$ 1,985,000	$ 92,378	$ 1,892,622	0.35%	467
2008	$ 5,800,000	$ 1,424,804	$ 4,375,196	0.77%	$ 1,017
2009	5,600,000	69,013	5,530,987	0.83%	1,202
2010	5,365,000	78,509	5,286,491	0.74%	1,027
2011	5,100,000	72,645	5,027,355	0.69%	939
2012	4,805,000	90,463	4,714,537	0.61%	858
2013	4,541,976	158,605	4,383,371	0.59%	776
2014	4,145,040	199,293	3,945,747	0.49%	698
2015	4,463,105	231,611	4,231,494	0.51%	734
2016	4,403,626	207,145	4,196,481	0.45%	694
2017	8,085,789	175,012	7,910,777	0.81%	1,318
2018	7,371,270	248,126	7,123,144	0.66%	1,097
2019	10,385,087	328,550	10,056,537	0.82%	1,503

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

Source:

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 6 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on Table 15.

TOWN OF SUNNYVALE, TX **Table 12**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2018

(unaudited)

Governmental Subdivision	Gross Bonded Debt	Percentage of Debt Applicable to Area (1)	Town Share of Overlapping Debt
Dallas County	$ 151,495,000	0.50%	$ 757,475
Dallas County CCD	182,800,000	0.50%	914,000
Dallas County Hospital District	862,670,000	0.50%	4,313,350
Dallas County Schools	36,801,240	0.50%	184,006
Sunnyvale I S D	95,201,576	100.00%	95,201,576
	$1,328,967,816		101,370,407
Town of Sunnyvale, Texas direct debt			13,365,000
			$ 114,735,407
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			8.82%
Per capita overlapping bonded debt			$17,150

Source: "Texas Municipal Report" , prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping government that is borne by the residents and businesses of the Town of Sunnyvale. This process recognizes that, when considering the Town of Sunnyvale's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the Town of Sunnyvale's boundaries and dividing it by the overlapping government's total taxable assessed value.

TOWN OF SUNNYVALE, TX
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(unaudited)

Table 13

	FISCAL YEAR				
	2010	**2011**	**2012**	**2013**	**2014**
Debt Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.40796	0.40796	0.40796	0.40796	0.40796
Available Tax Rate	$ 2.09204	$ 2.09204	$ 2.09204	$ 2.09204	$ 2.09204
Total net debt applicable to the limit as a percentage of debt limit	19.50%	19.50%	19.50%	19.50%	19.50%

	FISCAL YEAR				
	2015	**2016**	**2017**	**2018**	**2019**
Debt Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.40796	0.40796	0.40796	0.41309	0.45670
Available Tax Rate	$ 2.09204	$ 2.09204	$ 2.09204	$ 2.08691	$ 2.04330
Total net debt applicable to the limit as a percentage of debt limit	19.50%	19.50%	19.50%	19.79%	22.35%

TOWN OF SUNNYVALE, TX
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(unaudited)

Table 14

Fiscal Year	Tax and Revenue Refunding Bonds					
	Total Revenues (a)	Less: Operating Expenses (b)	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
2007	$ 1,806,709	$ 1,673,908	$ 132,801	$105,000	$ 71,420	0.75
2008	$ 2,701,658	$ 2,075,113	$ 626,545	$180,100	$183,352	1.72
2009	2,659,023	2,148,772	510,251	225,000	176,404	1.27
2010	3,010,925	2,194,993	815,932	250,000	142,634	2.08
2011	3,402,567	2,477,007	925,560	340,000	280,625	1.49
2012	3,310,713	2,554,226	756,487	448,419	238,541	1.10
2013	3,330,492	2,517,502	812,990	417,004	184,951	1.35
2014	3,825,951	2,922,114	903,837	415,000	174,875	1.53
2015	4,079,273	3,118,955	960,318	425,000	163,950	1.63
2016	4,208,074	3,703,658	504,416	440,000	152,375	0.85
2017	4,381,231	3,734,548	646,683	275,000	143,075	1.55
2018	5,407,543	4,280,436	1,127,107	280,000	134,800	2.72
2019	5,423,887	4,553,974	869,913	290,000	124,875	2.10

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
Revenue does not include transfers or non-operating revenues.
a Includes operating expenses minus depreciation, bond issuance costs, and other
b non-operating expenses.

TOWN OF SUNNYVALE, TX **Table 15**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	Estimated Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (5)	School Enrollment (3)	Unemployment Rate (4)
2005	3,644	$ -	(a)	(a)	(a)	5.2%
2006	3,955	$ -	$ (a)	(a)	(a)	4.8%
2007	4,050	$ -	(a)	(a)	(a)	4.3%
2009	4,600	178,043,000	$ 38,705	(a)	1,010	7.7%
2010	5,147	-	(a)	42.6	1,154	8.2%
2011	5,356 **	-	(a)	(a)	1,224	7.8%
2012	5,494 **	211,694,808	38,532	(a)	1,291	6.8%
2013	5,651 **	224,791,129	39,779	(a)	1,361	6.2%
2014	5,651 **	224,791,129 **	(a)	(a)	1,512	5.5%
2015	5,766	250,077,186	43,371 (b)	41.9 (c)	1,565	4.0%
2016	6,044 **	271,816,812	41,398	39.6 (c)	1,638	3.9%
2017	6,004	282,398,140	47,035	40.4	1,752	4.0%
2018	6,491	315,501,546	48,606	38	1,814	3.7%
2019	6,690	295,075,830	44,107	40.8	1,931	3.3%

Sources:
(1) North Texas Council of Governments, US Census, Town Officials, Municipal Advisory Council of Texas
(2) US Department of Commerce - Bureau of Economic Analysis, U.S. Census Bureau
(3) Sunnyvale Independent School District
(4) US Department of Labor - Bureau of Labor Statistics - DFW Region
(5) Town Charts/Texas Demographics/Sunnyvale, American Fact Finder, City-Data
** Estimated
(a) Information not available
(b) TX HomeTownLocator (as of July 1, 2015)
(c) US Census Bureau - American Fact Finder (2010-2014 5 year estimate)

TOWN OF SUNNYVALE, TX **Table 16**
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
(unaudited)

	2019	2010
Business Sector	**Number of Employees**	**Number of Employees**
Agriculture, Forestry, Fishing, Hunting & Mining	0	23
Construction	169	164
Manufacturing	243	183
Wholesale Trade	77	13
Retail Trade	437	272
Transportation & Warehousing, and Utilities	75	130
Information	95	65
Finance, Insurance, Real Estate, Rental & Leasing	266	348
Professional, Scientific, Management, & Administrative & Waste Management Services	436	315
Educational Services, and Health Care & Social Assistance	886	772
Arts, Entertainment, Recreation, and Accommodation & Food Services	109	72
Other Services, except Public Administration	180	120
Public Administration	125	41

Note: The Town of Sunnyvale is a relatively small municipality with a geographic area of approximately 16 square miles. Infomration is from the U.S. Census Bureau, American Fact Finder American Community Selected Economic Characteristics 2013-2017 5-year estimates.

TOWN OF SUNNYVALE, TX
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(unaudited)

Table 17

Function / Program	Fiscal Year 2005	Fiscal Year 2006	2007	2008	2009	2010	2011	Fiscal Year 2012	2013	2014	2015	2016	2017	2018	2019
General government															
Administrative Services															
Town Manager	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2
Town Secretary	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Secretary/Admin Assistant	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0
Economic Development								1	1	1	1	1	1	1	1
Financial Services															
Finance	0	0	1	1	2	2	2	2	2	2	3	3	3	3	3
Municipal Court	2	2	2	2	2	2	2	2	2	2	2	2	3	2	2
Municipal Court Judge	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Library	3	3	3	3	4	4	4	3	3	3	3	3	3	3	3
Public Safety															
Police **	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Development Services	2	2	2	3	4	4	4	4	4	4	5	5	5	7	7
Fire	1	1	1	2	2	2	2	1	1	4	5	5	5	8	11
Parks & Streets	3	4	5	6	6	5	7	7	7	7	7	7	8	8	7
Water and Sewer Systems	5	6	6	6	6	6	6	6	6	6	6	8	9	9	8
Total	20	22	24	27	30	29	31	30	30	33	36	38	40	45	46

Source: Town Administration Office
** All positions contracted with Dallas County

TOWN OF SUNNYVALE, TX
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(unaudited)

Table 18

Function/Program	Fiscal Year 2008	2009	2010	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Judicial													
Municipal Court Fines	$ 292,173	$399,536	$432,809	$432,809	$478,838	$ 497,790	$375,898	$442,434	$ 370,378	$ 426,246	$ 457,607	$ 520,854	$ 446,479
Fire													
Fire Calls	26	31	30	30	34	31	33	30	38	42	28	27	30
Fire Loss	$3,407,500	$39,600	$414,560	$414,560	$30,000	$296,390	$2,500	$20,000	$82,290	$174,000	$1,043,070	$658,460	$52,500
New Development													
Permits Issued (Units)	(a)	(a)	(a)	(a)	(a)	44	120	102	44	108	90	97	137
Permit Value	(a)	(a)	(a)	(a)	(a)	$265,335 (b)	$292,092	$521,027	$14,041,157	$55,916,721	$60,916,508	$117,621,670	$71,822,780
Streets													
Miles of Streets Maintained	53.07	54.69	54.69	54.69	54.69	54.69	54.69	55.7	57.63	59.11	60.11	63.71	63.71
Health													
Animals Impounded	(a)	(a)	116	116	121	103	151	133	133	168	178	170	166
Cultural and Recreational													
Parks													
Parks Maintained	5	5	5	5	5	5	5	5	5	5	5	5	5
Sanitation Service													
Refuse Customers	1,895	1,886	2,026	2026	2,059	2,117	2,155	2,178	1,947	1,965	2,071	2,153	2,245
Water													
Number of Water Customers	1,895	1,886	2,026	2026	2,059	2,117	2,155	2,178	2,256	2,336	2,492	2,597	2,740
Estimated Gallons Billed (in thousands)	433,635	529,231	505,051	505,051	562,521	457,540	577,817	422,669	478,108	462,682	450,176	584,989	499,961
Sewer													
Number of Wastewater Customers	1,309	1,358	1,388	1,388	1,441	1,528	1,530	1,575	1,587	1,641	1,741	1,820	1,919

Sources: Various government departments
(a) Information not available
(b) Information reflects Jan-Sept 2012 activity only

TOWN OF SUNNYVALE, TX
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(unaudited)

Table 19

Function	Fiscal Year 2008	2009	2010	2011	2012	2013	Fiscal Year 2014	2015	2016	2017	2018	2019
Police												
Number of Stations	1	1	1	1	1	1	1	1	1	1	1	1
Fire												
Number of Stations	1	1	1	1	1	1	1	1	1	1	1	1
Fire Hydrants	548	568	616	657	662	685	710	796	842	875	940	952
Streets												
Miles of Streets	53.07	54.69	54.69	54.69	54.69	54.69	55.7	57.63	59.11	60.11	63.71	63.71
Cultural and Recreational												
Parks Maintained	5	5	5	5	5	5	5	5	5	5	5	5
Water												
Water Storage Capacity (gallons)	900,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	1,725,000	1,750,000	1,750,000

Sources: Various government departments.